

FEDERAL AUDITING NEWS

for Colleges and Universities

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Contributing Editor
Kathleen Dunten

Managing Editor
Frances Fernald

President Directs All Federal Agencies to Increase Use of Payment Recapture Audits

As part of his effort to reduce improper payments by the federal government, President Obama sent a March 10 memorandum to all executive branch departments and agencies encouraging them to “use every tool available to identify and subsequently reclaim the funds associated with improper payments,” including the use of payment recapture audits. Improper payments are federal payments that are made to individuals, organizations, or contractors in the wrong amount, to the wrong payee, or for the wrong purpose. The president officially announced the improper payment initiative in Executive Order 13520, issued Nov. 20, 2009.

Payment recapture audits, which are synonymous with the recovery audits in Appendix C to OMB Circular A-123, are performed by specialized private sector auditors (a combination of highly skilled accounting specialists and fraud investigators) who use cutting-edge technology and tools to find and reclaim improper federal payments. They examine payment records in an effort to uncover such problems as duplicate payments, payments for services not rendered, overpayments, and fictitious vendors.

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NSF Effort Reporting Audit of Washington University Finds Few Flaws in New System

The new effort reporting system at Washington University in St. Louis (WUSTL) has few problems, according to the recently released audit by the Office of Inspector General at the National Science Foundation. The report found no significant deficiencies and lauded the university for “timely certifications of labor effort reports and strong support by management and those involved with the effort reporting process to develop accurate reports that meet federal and university guidelines.”

Nonetheless, the auditors identified a few “areas of concern” — nonmandatory training, less than 100% integration of effort reported on both sponsored and nonsponsored activities, inadequate guidance for prospective changes, and internal audits that were not comprehensive — and made recommendations to improve those areas. The university agreed with most of the recommendations and in some cases made appropriate changes while the audit was going on.

This audit is the 16th in NSF OIG’s series of audits of the effort reporting systems at major research universities conducted over the last several years. Similar problems have shown up in all of the audits, but as institutions replace paper-based or primitive electronic systems with more sophisticated electronic systems, it is clear from some of the later audits that the universities had already made changes designed to address many of the recurring problems identified in the early reports in the series. (Findings from the final audit in the series are discussed on p. 3.)

WUSTL had used a paper-based personnel activity reporting system (PARS) for effort reporting prior to January 2009 when it implemented its new electronic Personnel Activity Reporting System (ePARS). The auditors called ePARS a “well-established effort reporting system that substantially supported payroll costs charged to NSF awards.” Still, they said, some internal control areas could be enhanced to increase reliability.

Mandatory Training Recommend

WUSTL’s effort reporting training materials are excellent, according to the audit, with both Web-based and live instructional training. The training was mandatory in fiscal 2008 for medical school faculty only; in fiscal 2009, it became mandatory for all WUSTL faculty, even though, as the university noted, OMB Circular A-21 does not require mandatory training.

The auditors took the position that the circulars were intended to provide overarching guidance, not specific requirements, and that grantees must establish the necessary controls to fully implement the guidance. In their view, mandatory training of key personnel — principal investigators, department heads, business administrators and all others involved in the effort reporting process — would come under

the rubric of being critical to the reliability of the effort reporting program.

The audit recommended that the university develop and implement written policies and procedures for monitoring and tracking mandatory training. The university responded that it is adding a section on required and available training to its effort reporting policies.

ePARS Solves Salary Distribution Problems

Prior to January 2009, the paper-based PARS reports sometimes did not present salary distribution percentages for the entire effort reporting period, but only for months in which salary was charged to a sponsored project. In these cases, the reports did not include both sponsored and all other activities on an integrated basis, as required by OMB Circular A-21.

The audit also found that PARS did not properly record some cost transfers; it did not recalculate correct percentages of effort but merely added in the cost transfer as additional effort in excess of 100% on one account and subtracted out the cost transfer from another account as a negative effort.

The audit concluded that the new ePARS appears to have solved both of the integration and cost transfer problems but recommended that the university periodically evaluate the new system to ensure that effort reported does not exceed 100% for each individual. WUSTL replied that verification will be included in the scope of periodic audit and compliance reviews.

University Balks at More Guidance on ‘Significant’ Changes

WUSTL policies require employees to revise effort reports when significant changes occur (prospective changes to the effort report), but there is no written guidance on what constitutes “significant” prospective changes or the written justification and approval processes needed. Some departments made these changes based only on verbal notifications, and others relied on informal e-mail requests that were not captured and recorded.

The audit recommended that WUSTL provide this type of guidance, but the university disagreed, saying that additional prospective documentation guidance is unnecessary because all effort is certified by or on behalf of each individual after the work period. The auditors were not persuaded by WUSTL’s response and reiterated that the university would benefit from explicit guidance to enhance the process.

As they have in the other audit reports, the auditors found that the internal audits of the effort reporting

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Contributing Editor, Kathleen Dunten; Managing Editor, Frances Fernald; Production Director, Andrea Gudeon.

Editorial questions should be addressed to: Frances Fernald at ffernald@aispub.com.

For subscription information and address changes, contact: AIS, 1100 17th Street, NW, Suite 300 Washington, D.C. 20036, (800-521-4323, 202-775-9008 in D.C.)

system conducted by WUSTL's compliance office were not comprehensive. Those audits focused on important specific areas related to effort reporting such as allowability of expenditures, certifications, and cost transfers but were not comprehensive.

While the auditors commended the university for targeting key areas similar to those reviewed in its audit, and for taking immediate corrective action when problems were identified, they did recommend that the university revise its policies to include periodic audits of the overall effort reporting process, policies, and related internal controls in the compliance office's audit plans. The university agreed.

Link: www.nsf.gov/oig/10_1_005_wustl.pdf. ↵

Delaware Effort Reporting Audit Highlights Familiar Findings

The audit of the University of Delaware has the privilege of being the final report in the series of effort reporting audits conducted by the Office of Inspector General at the National Science Foundation of major research universities receiving the most NSF funds. (Findings in the penultimate audit in the series are discussed on p. 1.)

NSF has stated that once the series of effort reporting audits are completed, it will "assess all audit findings and recommendations to determine their relevance to the broader population of NSF grants." A report based on the 17 audits is expected later this year.

Four Problem Areas Cited

As it had at other universities, the NSF OIG found several significant internal control weaknesses in the university's effort reporting system. These weaknesses involved four areas:

- (1) Salaries and wages were sometimes charged inappropriately to NSF sponsored projects
- (2) Employees did not receive sufficient training
- (3) System weaknesses were not identified and corrected in a timely manner
- (4) Effort reports were not certified in a timely manner

The audit found that \$21,555 charged as NSF salary costs was actually for work that did not benefit NSF awards. Five employees had charged administrative time to NSF awards, such as grant proposal preparation or serving on a university hiring committee, which is unallowable without award-specific permission.

Excess salary charges for a full-time worker were not adequately supported — the documentation said only that the employee had performed additional

OMB Releases More ARRA Guidance

As *Federal Auditing News* went to press, the Office of Management and Budget released a 10-page memorandum with updated guidance on the American Recovery and Reinvestment Act. Much of the guidance, which is in question and answer format, is directed toward federal agencies, but a few of the Q&As are helpful to recipients. For example, question 5 discusses when a recipient should indicate that its Recovery Act, Section 1512 submission is the final report. Question 7 instructs agencies to expedite the review of single audit reports with Recovery Act programs and resolve findings within six months. According to the memo, the Federal Audit Clearinghouse will have a special report for Recovery Act programs, and agencies must report the highest risk audit findings to OMB by Sept. 30, 2010.

Link: www.whitehouse.gov/omb/assets/memoranda_2010/m10-14.pdf.

work, with no explanation of the hours worked or how the amount was determined. Finally, comments made during an interview indicated one employee had spent more time on educational duties and less time on research than was reported in the effort reports, and it was clear from this interview that the employee did not understand the effort reports.

Interviews with other sampled employees confirmed a lack of understanding of the effort certification process, including their responsibilities in it. Three employees, according to the audit, "certified effort without a complete understanding of the NSF projects assigned to them or their roles and responsibilities for the projects from which their salaries were paid." Some employees did not understand the difference between workload (the original budget estimate for the labor) and labor effort reports (actual labor expended on the project), and they believed that it was always correct for the labor effort report to match workload estimates.

Delaware instituted an online Web-based application in March 2005 for effort certification. The system has been updated several times, most recently in July 2009, but the audit exposed a variety of reporting errors caused by system weaknesses, including the following:

- ◆ Some effort reports were certified even though they contained errors introduced by the system when it failed to capture journal voucher entries for

nonsponsored effort and generated effort reports with more than 100% effort or negative effort.

◆ The system was not programmed to include upload transactions — journal entries processed by general accounting — that impact labor effort reporting.

◆ The system did not capture some S-contracts, which are the only mechanism for processing faculty summer research pay.

◆ The system does not make adjustments for nine-month salaries paid out over 12 months. Six of the sampled employees' effort reports contained incorrect percentages of effort due to this problem. This problem is exacerbated because there are two six-month effort reporting periods that do not correlate to semesters, so each reporting period includes partial time from more than one semester.

Timely Certifications Again a Problem

Delaware also was cited for another problem common in the other effort reporting audits in the series — it failed to timely certify effort reports within the time frame established in its own policy, and that policy was flawed. This resulted in certifications occurring many, many months after the end of an effort reporting period even though they technically conformed to the university's timing policy.

Delaware required that effort reports be certified within a specified amount of time after they were released (60 days), but there was no deadline for actually releasing the reports. Of the 74 effort reports reviewed in the audit, 21 (28%) were certified late, ranging from one day to 611 days late. The audit noted that one effort report for the reporting period that ended Aug. 31, 2007, was not released until July 2009, and under Delaware's policy, a certification of that report would not be considered late even though it was certified 670 days after the end of the reporting period.

Causes of the Weaknesses

The audit found that the weaknesses cited above were due to five factors:

- (1) *The Research Office at the university did not provide sufficient programmatic oversight.*
- (2) *The university's effort reporting policies and procedures were inadequate.* The policies did not define the types of activities that can be charged to sponsored projects and those that are part of the regular base salary. They did not require effort reports to be released in a timely manner and did not hold a senior management official, such as a department chair, accountable for timely completion of the reports.

(3) *There was no required training for employees involved in the effort reporting process.* The university left it up to employees to avail themselves of the training, and only two of the 30 employees in the audit sample had received adequate training.

(4) *Developers of the effort reporting system did not coordinate programming changes with grants management officials.*

(5) *The university did not consider the consequences of establishing effort reporting periods that do not parallel the university's academic semesters.*

(6) *There was no periodic, independent evaluation of the system as required by OMB Circular A-21.* The university's internal auditors conducted an internal review (completed in January 2009) of the payroll distribution and effort reporting system, but the OIG auditors pointed out additional steps that the internal auditors should have taken for a comprehensive review.

Policy Changes Recommended

As a result of its findings, the audit recommended that Delaware make a number of improvements in its effort reporting process, most of which the university agreed to and has begun to address. The recommendations and university action include the following:

- ◆ *Define typical instructional, research, and administrative work to help employees properly charge work to sponsored projects.* Delaware has revised its policies to expand its definition of base salary and will identify activities that cannot be charged directly to federal awards.
- ◆ *Require that labor effort reports be released within a defined number of days from the end of the reporting period.* Delaware's policy will require the Research Office to produce and release effort reports within 10 days after the reporting period ends.
- ◆ *Require effort administrators to monitor effort reports to ensure their timely completion.* The university revised its procedures to better define the role of the effort administrator and has implemented an automated series of e-mails and letters that are sent when certifications are late or incomplete, which are copied to senior management officials such as department chairs.
- ◆ *Require periodic independent evaluations of the payroll distribution and effort reporting system, specifying the office responsible for the evaluation and its frequency.* The university has established that its internal audit department will conduct evaluations every three years.
- ◆ *Require and provide periodic training for all employees in the effort reporting process.* The university said that it has

established and filled a new position of training coordinator and plans to require effort certification training for all employees certifying or viewing effort reports beginning with the March 2010 release of its effort certifications.

System Changes Recommended

The audit also made four recommendations related to the university's online effort reporting system itself. First, it recommended that Delaware monitor its new procedures that assign senior management officials responsibility for identifying and correcting errors in the system. The university responded that it created an effort system manager position in February 2010 to expand oversight and improve response time.

Second, Delaware should coordinate system development with grants management staff to address ongoing weaknesses and any future developments. The university has pledged to develop a team of functional and technical staff by the end of fiscal 2010.

Third, the audit recommended that the university require sufficient testing of Web-based development or reprogramming before implementation. The university responded that the new effort system manager has improved response time in identifying and correcting system errors, and that the new systemwide team will conduct more comprehensive testing.

Finally, the audit recommended that the university either change its effort reporting periods to coincide with its established semesters or help certifiers better understand the differences in the two periods and how that difference affects percentages of time spent on various activities. Delaware responded that it is proposing to its cognizant agency that it change its effort reporting periods and create a separate reporting period for summer research activities.

Link: www.nsf.gov/oig/10_1_008_Delaware.pdf. ✧

GAO Report Cites Failings in OMB's Management of FFATA

In a report issued March 12, the Government Accountability Office says that the Office of Management and Budget has completed only six of the nine tasks set out for it in the Federal Funding Accountability and Transparency Act (FFATA) of 2006.

FFATA required OMB to establish a publicly available Web site by January 2008 that provides information on all federal grant, cooperative agreement, and contract awards. OMB established the site — USAspending.gov — on time, and the site currently in-

cludes data for awards that are made directly from the government to an entity, such as a college or university.

Data on awards that awardees pass through to subawardees does not yet appear on the site, however. Federal agencies were responsible for posting prime award data on USAspending.gov, and the prime awardees, in turn, were responsible for inputting data for all subawards greater than \$25,000.

According to GAO, OMB only partially complied with the act's requirement to conduct a pilot test of adding subaward data to the site. The law required the pilot to be conducted beginning no later than July 2007; OMB conducted two pilot tests, but those did not begin until 2008.

FFATA also required that the Web site include data on subawards beginning in January 2009. Subaward data has yet to be added to the site, and OMB has no plan in place for collecting and reporting such data, according to GAO.

The third unfulfilled requirement in FFATA directed OMB to submit annual reports to Congress that describe the use of the site, as well as how much burden FFATA places on awardees. OMB responded that it is collecting the information and plans to issue the report in 2010.

The GAO report also cited a handful of instances where agencies have failed to add information on an award and numerous cases where data are incomplete or incorrect.

GAO made the following recommendations to OMB to improve data submissions:

- ◆ Develop and implement a specific plan for the collection and reporting of subaward data, including a time frame for including such data on USAspending.gov.
- ◆ Develop and implement a process to regularly ensure that all federal agencies report required award information to the site.
- ◆ Revise guidance to federal agencies on reporting federal awards to clarify the requirement that award titles describe the award's purpose and requirements for validating and documenting agency award data submitted by federal agencies.
- ◆ Include information on the city where work is performed in OMB's public reporting of the completeness of agency data submissions.

Overall, OMB agreed with the recommendations and the need for improvements. An official said that OMB plans to develop "an improved version of USAspending.gov" later this year.

Link: www.gao.gov/new.items/d10365.pdf. ✧

NSF Cites Univ. of Missouri for Subaward Monitoring Problems

Even as it was wrapping up its effort reporting audits (see pgs. 1, 3), the Office of Inspector General at the National Science Foundation continued its standard reviews of A-133 audits reports. Findings from these reviews prompted the office to conduct an audit of the University of Missouri–Columbia.

The university has a significant number of NSF awards with a high-dollar value, and many of them are collaborative. Single audits for fiscal years 2005–2007 had shown material internal control deficiencies in cost compliance, cash management, expenditure reporting, procurement and property systems, subrecipient monitoring, grant data access, and supporting documentation. An NSF desk review had found a lack of policies and procedures for tracking budgets/expenditures, cost transfers, and accounting transactions and for performing accounting responsibilities, such as bank reconciliations, fixed-asset depreciation entries, and year-end closing activities.

This audit covered calendar years 2004 through 2008 and looked at five NSF awards totaling just under \$15 million, about 13% of the university's total NSF funding.

The auditors conducted site visits at the university for two, two-week periods in February and May 2009 and completed the investigation through telephone calls, e-mails, and documentation requests through September 2009.

It found that the \$14.9 million in costs and the \$1 million in cost sharing appeared allowable, allocable, and reasonable, and prior audit findings were satisfactorily addressed with two exceptions: subaward monitoring and payroll cost transfers.

Subaward Monitoring Problems

Three of the five awards selected for this audit were collaborative in nature and included 11 subawards totaling \$9.2 million, approximately 61% of the total costs charged to NSF for the period.

The audit found that the university did not always adhere to its written subaward monitoring policies, and that some of those policies and procedures should be strengthened. While the auditors found that the subaward monitoring problems represented significant deficiencies in internal control over financial reporting, they did not find that the deficiencies rose to the level of material weaknesses.

Subaward monitoring at the university is shared between four entities:

- (1) A subaward negotiator at the Office of Sponsored Programs Administration (OSPA) checks to make sure a subaward is allowable under the terms of the award, the subawardee is aware of required compliance considerations, and appropriate terms are included in the subaward agreement.
- (2) The principal investigator monitors performance and approves payments to the subawardee.
- (3) The OSPA post-award division reviews payments as they relate to the award proposal and the subaward agreement.
- (4) The controller's office performs a risk assessment of the subawardee at least annually and develops monitoring procedures based on its assessed risk.

The problems auditors found involved how the controller's office conducts the risk assessment.

Risk Assessment Process Is Faulty

University policy requires the controller's office to send a Subrecipient Confirmation Letter to each subrecipient to gather information in order to conduct a risk assessment of the subawardee. In the Subrecipient Confirmation Letter, the subawardee states whether or not it must have an A-133 single audit and certifies that the A-133 audit showed no material instances of noncompliance, material weaknesses, and/or reportable conditions "relating to federal awards provided by the University." If there are findings relating to the university, the subawardee provides a copy of the audit.

The Subrecipient Questionnaire is used only if the subawardee is not subject to an A-133 single audit (i.e., receives less than \$500,000 in federal funds), which is rare.

The audit found that when the controller's office believes it can get the information it needs from alternative information sources, it does not require the subawardee to submit a Subrecipient Confirmation Letter or a copy of its A-133 audit. Instead, the controller routinely uses information from the subawardee's OMB Circular A-133 Data Collection Form, which provides a summary of A-133 audit results (available at <http://harvester.census.gov/sac>), but no details regarding specific findings.

The controller's office uses information from the Subrecipient Confirmation Letter or the Data Collection Form to complete a Risk Assessment Worksheet. The Risk Assessment Worksheet contains a series of questions, but the auditors noted that neither the confirmation letter nor the subrecipient questionnaire provided the information needed to answer the questions.

Without the confirmation letters, the auditors pointed out, there is “no representation from the subawardee that could validate the on-line Federal Audit Clearinghouse data form. Further, without the audit report, the nature of any findings, such as inadequate payroll, procurement or cash controls, or inaccurate financial reporting, cannot be determined. These findings, while not necessarily specific to a University award, nonetheless affect the risk of proper award management.”

The controller’s office had rated all subawardees tested in the audit as low-risk because none of the findings related to the university’s awards. But the auditors uncovered several instances of A-133 findings that while not related to university awards, represented potential internal control deficiencies in payroll, procurement, bank reconciliations, inadequate segregation of duties, and inability to prepare financial statements.

One of the subawardees was incorrectly rated as low-risk, even though a theft of \$11,766 from an NSF award due to improper use of a procurement card had been reported on the A-133 audit. The audit of another subawardee reported an unreconciled bank balance that required a \$3.6 million adjustment.

In another instance, one of the two Subrecipient Confirmation Letters that had been returned stated “Material instances of noncompliance, material weaknesses and/or reportable conditions were found relating to federal awards provided by the university,” but that sentence had been manually crossed out, and the Risk Assessment Worksheet for the subawardee noted only that recurring prior findings, “were not related to funding provided by MU.” No additional information supporting this determination was provided, and the subawardee was rated low-risk.

Review Other Agency Audits

Another problem with the risk assessment process, according to the audit, was that university policies and procedures require review of a subrecipient’s A-133 audits, but do not address other audits that might be conducted by other agencies, such as OIGs, or by internal auditors. The auditors found that two subawardees had audits that identified material internal control weaknesses that could affect their ability to report costs accurately. These results, had they been reviewed during the risk assessment process, would likely have prompted the assignment of a higher risk category to these subawardees.

The auditors emphasized how critical the risk assessment process was to designing a subaward monitoring plan and recommended that the university do the following:

- ◆ Send a Subrecipient Confirmation Letter and Subrecipient Questionnaire to all subawardees at least annually.
- ◆ Request and thoroughly review A-133 audit reports as well as other audit reports.
- ◆ Document the reason for the assigned risk assessment level on the Risk Assessment Worksheet.
- ◆ Require supervisory personnel to review the risk assessments.

Missouri Disagreed With Findings

Other than the supervisory review of risk assessments, the university did not concur with the audit conclusions on subrecipient monitoring. Its policies and procedures, the institution said, comply with OMB Circular A-133 and it’s A-133 auditors have found its subrecipient monitoring procedures adequate and in compliance with the circular.

The auditors responded that they do not agree with the university’s assessment. While the university’s written policy to send a Subrecipient Confirmation Letter to all subawardees and obtain copies of A-133 audits is acceptable, the controller’s office does not always follow this policy. Reliance solely on the information provided in the Data Collection Form is not sufficient, they said, because the information provided there is limited.

Labor Cost Transfers Recorded Incorrectly

The audit found inadequate the university’s policies and procedures for processing labor cost transfers made within two months of the original entry, and although its policies for labor cost transfers made more than two accounting periods later are adequate, the internal controls to ensure adherence to those policies are not. The university attempted to strengthen its internal controls over cost transfers with a 2009 series of training and written communications, but the audit said that these efforts had not been in effect for the period under review in the audit, and that even with the added training and communications, controls to ensure that cost transfers made within two accounting periods are insufficient.

University procedures permit labor cost transfers made within two accounting periods to be processed electronically solely by fiscal officers, without explanatory documentation or secondary review. Not only is this contrary to OMB Circulars A-110 and A-21 and the university’s own business manual, the audit said, it also results in a lack of recertified effort verification reports that need to be adjusted when these within-two-accounting-period labor cost transfers result in a difference in funding. (The policies and

procedures for the transfers made after two accounting periods require extensive review and documentation, and they automatically result in recertifications when necessary.)

The audit recommended that the university revise its policies and procedures to require that labor cost transfers made within two accounting periods of the initial transaction be justified with adequate explanations and documentation; all labor cost transfers be subject to independent review and approval; labor effort reports be recertified when necessary due to labor cost transfers; and payroll correcting entries be actively monitored for changes occurring after effort reporting certifications are complete. It also recommended that the university conduct training for all staff involved in processing labor cost transfers and effort certifications. The university generally agreed with these recommendations.

Link: www.nsf.gov/oig/10_1_006_UM.pdf. ✦

Payment Recapture Audits

continued from p. 1

Auditors have been very successful in pilot programs. In one Medicare pilot, payment recapture audits recovered \$900 million in the three largest states (Calif., N.Y., and Texas) over a three-year period, and the program — termed the Recovery Audit Contractor (RAC) program — now is permanent and on-going in all states.

The presidential memorandum directs all departments and agencies to “expand their use of payment recapture audits to the extent permitted by law and where cost-effective.” OMB is instructed to develop guidance for the departments and agencies on what they must do to implement the memo, including “additional actions and strategies designed to improve the recapture of improper payments, including, as appropriate, agency-specific targets for increasing recoveries.” The OMB guidance is supposed to be completed by June 8.

When targets have been applied to improper payment recovery in the past, the federal student aid programs have always been included due to their high-dollar amounts and their susceptibility to fraud.

Some Auditors Paid on Contingency

In some of the pilot programs, auditors were paid a percentage of the funds they recouped, using recaptured funds to make the payments. This provides an incentive to the auditors to recoup as much money as

2009 Form 990 Now Complete

IRS has now posted the final 2009 Form 990, the schedules, and the instructions. It also has prepared a useful chart of significant changes. The chart and the final forms and instructions are posted on www.irs.gov/charities/article/0,,id=218938,00.html.

possible. Currently, the law only allows use of recaptured funds to pay for the audits in the Medicare Fee-for-Service program and government contracts at the 20 federal agencies that do more than \$500 million in annual government contracting. This limitation excludes contracts, grants, and other forms of federal benefit payments made to organizations such as state and local governments and colleges and universities.

In an effort to make it easier to expand payment recapture audits to all areas of government, the president is also supporting a bill in Congress (the Improper Payments Elimination and Recovery Act) that would expand the ability of federal agencies, including agencies with smaller contracting budgets, to use recaptured money to pay for recapture audits of a much wider range of government programs, including federal assistance.

Link to memo: www.whitehouse.gov/the-press-office/presidential-memorandum-regarding-finding-and-recapturing-improper-payments.

Link to fact sheet: www.whitehouse.gov/the-press-office/president-obama-announces-new-effort-crack-down-waste-and-fraud.

OMB Issues Guidance to Implement EO

The Office of Management and Budget quickly followed the president’s memorandum with its first guidance on implementing Executive Order 13520. On March 22, it issued M-10-13, which is a new Part III to OMB Circular A-123, Appendix C.

The guidance is a series of questions and answers, primarily directed at the federal agencies that will be responsible for complying with the executive order. It discusses reporting, recovery goals, and the tools to identify and recover improper payments. It explains which entities the agencies must report and post on a public Web site as having the highest improper payments. Among the payments that must be reported are those identified during the single audits.

OMB is expected to issue additional guidance in early July.

Link: M-10-13, www.whitehouse.gov/omb/assets/a123/a123_appx-c.pdf. ✦