

Overview

- **What does the OIG look at in an improper payment audit?**
- **Will use as an example OIG's 2008-2010 Improper Payment Audit – Final Report issued on December 1, 2010**
- **Discussion of OIG findings**
- **Why is this important? Additional requirements and consequences if improper payments are found**

What is looked at?

- An “improper payment” is defined in the act as:
 - (A) means any payment that should not have been made or that was made in an incorrect amount **(including overpayments and underpayments)** under statutory, contractual, administrative, or other legally applicable requirements; and
 - (B) includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts.

OLG's Audit

- **OLG issued seven recommendations:**

- 1) Reinforce FAA guidance to AIP grantees for preparing “construction” payment requests (***resolved and closed***)
- 2) Identify the funds that can be recovered from the improper payments identified in this report (***in process of resolution***)
- 3) Develop a procedure to prevent duplicate AIP payments (***resolved and closed***)
- 4) Revise risk-management procedures (***resolved, pending closure***)
- 5) Initiate a review to determine if the final contract price for the third runway embankment contract at the Seattle-Tacoma International Airport was fair and reasonable (***in process of resolution***)
- 6) Revise the AIP Handbook to clarify what information is required to assist grantees in determining contract cost or price reasonableness (***in process of resolution***)
- 7) Re-emphasize to ADO management the AIP Handbook requirements for contacting OIG when conditions warrant a “Review for Bid Improprieties” (***resolved and closed***)

OLG's Audit

- **FAA agreed or partially agreed with all of the recommendations or proposed alternative resolutions**
- **Currently working on finalizing follow-up actions**
 - ***Recovery plan – money back to FAA***
 - Handbook updates
 - Risk assessment and task force to develop risk assessment process

So why is this important to me?

- **Likely risk assessment changes in response to audit – may change how airports are rated for risk**
- **Ongoing FAA internal IPIA reviews**
- **OIG audit on ARRA projects for improper payments underway**
- **Bottom line – FAA may need to recover funds from airports – in one case, an airport agree to refund over \$45,000 due to federal funds being paid improperly for state-funded items in the same contract**