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TO: All State Agency Directors

FROM: Delbert H. Singleton, Jr., Director
Division of Procurement Services

SUBJECT: Recovery Audit Program

DATE: September 27, 2013

Proviso 117.96 of the FY 2013-2014 General Appropriation Act requires all state agencies to participate in a recovery audit program whose purpose is to detect, document and recover overpayments and erroneous payments to vendors.

Audits must cover at least three complete fiscal years and may only apply to payments made more than 180 days prior to initiation of the audits.

For agencies that have not already had recovery audits covering three complete fiscal years, there are three audit firms available on state term contract. The three firms are Recovery Audit Specialists, Stonebridge Business Partners, and Vitex, Inc. Additional contract contact information for all three firms can be found at: http://procurement.sc.gov/webfiles/IT_CONTR/Recovery_Audit.pdf.

The proviso requires state agencies to pay for the audit from any monies recovered by the recovery auditors but limits the audit firm's fee to not more than 20% of the funds the firm recovers for the agency. Unless otherwise restricted by law, the remaining recovered funds must be remitted to a special fund for appropriation by the General Assembly. Agencies are expected to consider all three recovery audit firms and negotiate for the best value for the State.

To help agencies still needing to engage an auditor, all three audit firms will be invited to attend and make presentations at the October 25th SCEIS users' group meeting. Agencies that do not use SCEIS, may let Ron Conner know at one of the contacts below of your interest and he will provide you notice of the date, time, and place for the meeting.

Because agencies now have more choices of audit firms, the Division of Procurement Services must be informed of the firm you select and the fiscal years the firm is auditing. A copy of the letter of engagement between your agency and the audit firm is sufficient.

Notice to the Division of Procurement Services is required so that appropriate access to agency information may be provided and to assist the Budget and Control Board with its requirement to make an annual report to the General Assembly.

If you have any questions, please contact Ron Conner of the Information Technology Management Office at 803-896-0284 or ron.conner@itmo.sc.gov.

cc: All State Agency Finance Directors
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