

2013 SUPPORTING STATEMENT

Supplier Credit Audit Recovery OMB No. 0505-xxxx

Terms of Clearance:

A. Justification:

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

On March 10, 2010, the President signed a [presidential memorandum](#) directing all federal departments and agencies to expand and intensify their use of payment recapture audits. These are audits which offer specialized private auditors financial incentives to root out improper payments, and have been demonstrated through pilot programs to be highly effective. It is anticipated that using the payment recapture audits will return at least \$2 billion over the next three years to American taxpayers, and more than that with new authorities to use these audits made available in the Improper Payment Elimination and Recovery Act.

The authority for this collection can be found under 115 Stat. 1186 Public Law 107-107- December 2001 Sec831. Identification of errors made by executive agencies in payment to contractors and recovery of amounts erroneously paid. SUBCHAPTER VI- RECOVERY AUDITS Section 3561 Identification of errors made by executive agencies in payment to contractors and recovery of amounts erroneously paid.

- 2. Indicate how, by whom, how frequently, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

Once USDA selects a contractor to provide Supplier Credit Recovery Auditing Services, the contractor will send out a letter to USDA vendors on an annual basis requesting account and payment information as to whether the vendor currently has a credit on their books due back to the USDA.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for**

adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

USDA anticipates up to 13,866 respondents annually. Contractors will review existing information to determine which vendors have delinquent payments, as well as to discover patterns of improper payments. The letter request could be submitted to a vendor by email or by hard copy. This would depend on the specific technique used by the contractor to collect data.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose described in item 2 above.**

The purpose of supplier credit recovery auditing is to identify duplicate or erroneous payments to a vendor. Contractors will review existing information to determine which vendors have delinquent payments, as well as to discover patterns of improper payments. The contractor selected to provide supplier credit recovery services will attempt to contact the vendor and work with the vendor to identify all potential credits pertaining to the USDA. No other Federal agencies are collecting this info.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Most companies today have computerized accounting systems. Therefore a query to the business system will result in identification of a financial record. This process should take a minimal amount of time.

Unfortunately, a very small business with fewer than 20 employees which does not have an up to date record keeping system may require more time to search for the payment record in question. USDA must attempt to collect any possible improper payment identified. It is very unlikely; many small businesses still have manual accounting or record keeping systems which could not be searched. Approximately 3% of USDA's vendors are classified as "small business".

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

Currently this data is not requested by USDA.

In order to improve collection of improper payments, USDA needs to contact suppliers and vendors to verify if duplicate payments were received. In order to reduce improper payment, the Department has to identify the root cause of the improper payment and would not be able to accomplish this without verification of suspected overpayments to suppliers or vendors.

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

The response would be required within 30 days of receipt of the request.

- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study; requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no other special circumstances.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments.**

USDA published a 60-day notice in the Federal Register on May 21, 2012, Vol. 77, No. 98, page 29963 requesting comments. No comments were received.

- 9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.**

There is no plan to offer any payment, gift or other re-enumeration to vendors for the information.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

Contractors and /or supplier information is public information and can be obtained through freedom of information. There is no PII information involved.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

No questions of a sensitive nature are asked.

- 12. Provide estimates of the hour burden of the collection of information. The statement should:**

Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 2 hours per response. A business will receive the request and develop a query to their automated accounting system which could take an average of 30 minutes or less to review the customer records to determine which accounts have a credit balance if any. The customer ledgers would potentially show the number of USDA customers. If the business has a manual set of book to record accounting entries then a manual review would be required of the customer ledgers. This could take 1-2 hours depending on the size of the company. These estimates are based on the average business and entity using computers to do accounting. The estimate is based on the number of purchase orders and contracts currently in USDA procurement systems.

Estimated Number of Respondents: 13,866

Estimated Number of Responses per Respondent: 1

Estimated Total Annual Burden on Respondents: 27,732 hours

Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.

Average hourly rate based on BLS Accountant \$30.22 per hour

30 % applied for benefits	\$ 9.06
Total hourly rate	\$39.28 per hour

27,732 x 39.28 = \$1,089,312.96 if max amount of burden hours are used.

Most accounting systems are automated so the overall cost is anticipated to be less than the estimated 27,732 hours.

- 13. Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information, (do not include the cost of any hour burden shown in items 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

No additional start-up cost or any additional Operations costs since extracting this information would come directly from the manual accounting records or from a data query from the existing accounting system.

- 14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

The only cost would be the agreed upon % of recovery's due the contractor performing the recovery auditing. Collections coming in would be processed by existing operations.

- 15 Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.**

New collection of information.

- 16. For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

No results to be published. This is a new collection.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

We are not seeking approval to not display the expiration date.

- 18. Explain each exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act."**

There are no exceptions.