

118TH CONGRESS
1ST SESSION

S. _____

To amend title 31, United States Code, to improve the management of improper payments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. CARPER introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend title 31, United States Code, to improve the management of improper payments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safeguarding the
5 Transparency and Efficiency of Payments Act” or the
6 “STEP Act”.

7 **SEC. 2. IMPROPER PAYMENTS.**

8 (a) DEFINITIONS.—

9 (1) IN GENERAL.—Section 3351 of title 31,
10 United States Code, is amended—

1 (A) by redesignating paragraphs (2)
2 through (8) as paragraphs (3) through (9), re-
3 spectively;

4 (B) by inserting after paragraph (1) the
5 following:

6 “(2) CHIEF FINANCIAL OFFICER.—The term
7 ‘chief financial officer’ means—

8 “(A) with respect to an executive agency
9 described in section 901(b), the Chief Financial
10 Officer of the executive agency appointed under
11 such section; and

12 “(B) with respect to an executive agency
13 that is not described in section 901(b), the offi-
14 cial serving as the senior executive responsible
15 for managing the financial activities of the exec-
16 utive agency.”; and

17 (C) in paragraph (3), as so redesignated—

18 (i) in subparagraph (A)—

19 (I) in clause (i)—

20 (aa) by striking “published”
21 and inserting “included”; and

22 (bb) by striking “with” and
23 inserting “in the document con-
24 taining”; and

1 (II) in clause (ii), by striking
2 “statement” and inserting “docu-
3 ment”;

4 (ii) in subparagraph (C), by striking
5 “accompanying materials to” and inserting
6 “document containing”;

7 (iii) in subparagraph (D), by striking
8 “accompanying materials to” and inserting
9 “document containing”; and

10 (iv) in subparagraph (E), by striking
11 “accompanying materials to” and inserting
12 “document containing”.

13 (2) CONFORMING AMENDMENTS.—Section
14 3353(a)(4)(B) of title 31, United States Code, is
15 amended—

16 (A) in clause (i), by striking “section
17 3351(2)(B)” and inserting “section
18 3351(3)(B)”;

19 (B) in clause (ii), by striking “section
20 3351(2)(C)” and inserting “section
21 3351(3)(C)”;

22 (C) in clause (iii), by striking “section
23 3351(2)(D)” and inserting “section
24 3351(3)(D)”;

1 (D) in clause (vi), by striking “section
2 3351(2)(A)” and inserting “section
3 3351(3)(A)”.

4 (b) ESTIMATES OF IMPROPER PAYMENTS AND RE-
5 PORTS ON ACTIONS TO REDUCE IMPROPER PAYMENTS.—
6 Section 3352 of title 31, United States Code, is amend-
7 ed—

8 (1) in subsection (a)—

9 (A) in paragraph (3)—

10 (i) in subparagraph (B), in the matter
11 preceding clause (i), by striking “para-
12 graph (1)” and inserting “paragraph
13 (1)(B)”; and

14 (ii) in subparagraph (C), by striking
15 “paragraph (1)” and inserting “para-
16 graphs (1) and (4)”; and

17 (B) by adding at the end the following:

18 “(4) NEW PROGRAMS AND ACTIVITIES.—In ad-
19 dition to the programs and activities identified under
20 paragraph (1)(B), the head of an executive agency
21 shall annually identify as susceptible to significant
22 improper payments any program or activity that—
23 “(A) has or is expected to have outlays ex-
24 ceeding \$100,000,000 in any one of the first 3
25 fiscal years of operation; and

1 “(B) is in the first 4 years of operation.”;

2 (2) in subsection (c)(1)—

3 (A) in the matter preceding subparagraph

4 (A), by striking “subsection (a)(1)” and insert-

5 ing “paragraph (1) or (4) of subsection (a)”;

6 and

7 (B) by striking subparagraphs (A) and (B)

8 and inserting the following:

9 “(A) produce a statistically valid estimate
10 of the improper payments made under the pro-
11 gram or activity, or an estimate of such im-
12 proper payments that is otherwise appropriate
13 using a methodology approved by—

14 “(i) the Director of the Office of Man-
15 agement and Budget; and

16 “(ii) the chief financial officer of the
17 executive agency; and

18 “(B) report the estimates described in sub-
19 paragraph (A) in accordance with subsection
20 (j).”; and

21 (3) by adding at the end the following:

22 “(j) ANNUAL REPORTS.—Any annual report required
23 to be made by the head of an executive agency under this
24 section shall—

1 “(1) be included in full in the document con-
2 taining the annual financial statement of the execu-
3 tive agency; and

4 “(2) include a statement by the chief financial
5 officer of the executive agency—

6 “(A) certifying—

7 “(i) the reliability of the executive
8 agency’s identification of programs and ac-
9 tivities that may be susceptible to signifi-
10 cant improper payments under subsection
11 (a); and

12 “(ii) the validity of each estimate of
13 improper payments under subsection (c);
14 and

15 “(B) describing the actions of the chief fi-
16 nancial officer of the executive agency to mon-
17 itor the development and implementation of any
18 corrective action plans reported under sub-
19 section (d).”.

20 (c) FINANCIAL AND ADMINISTRATIVE CONTROLS RE-
21 LATING TO FRAUD AND IMPROPER PAYMENTS.—Section
22 3357 of title 31, United States Code, is amended by strik-
23 ing subsection (d) and inserting the following:

24 “(d) REPORTS.—For each fiscal year beginning in
25 the first fiscal year after the date of enactment of the

1 Safeguarding the Transparency and Efficiency of Pay-
2 ments Act, and in each of the following 9 fiscal years, the
3 head of each agency shall submit to Congress, in the re-
4 port containing the annual financial statement of the
5 agency, a report—

6 “(1) on the progress of the agency in—

7 “(A) implementing—

8 “(i) the financial and administrative
9 controls required to be established under
10 subsection (c)(1);

11 “(ii) the fraud risk principles in the
12 Standards for Internal Control in the Fed-
13 eral Government of the Government Ac-
14 countability Office; and

15 “(iii) Circular A–123 of the Office of
16 Management and Budget with respect to
17 the leading practices for managing fraud
18 risk;

19 “(B) identifying fraud risks and
20 vulnerabilities, including with respect to payroll,
21 beneficiary payments, grants, large contracts,
22 and purchase and travel cards; and

23 “(C) establishing strategies, procedures,
24 and other steps to curb fraud; and

1 “(2) that includes, as defined by the leading
2 practices identified in the report published by the
3 Government Accountability Office on July 28, 2015,
4 entitled ‘Framework for Managing Fraud Risks in
5 Federal Programs’,—

6 “(A) an identification of—

7 “(i) each dedicated entity that leads
8 the fraud risk management activities of the
9 agency and the roles of each such entity;

10 “(ii) the responsibilities of each entity
11 described in clause (i);

12 “(iii) each program and operation of
13 the agency for which each entity described
14 in clause (i) is responsible;

15 “(iv) the capacity of the entity de-
16 scribed in clause (i), including any limita-
17 tions, to strategically manage the fraud
18 risks of the agency; and

19 “(v) any program or operation of the
20 agency for which there is not a dedicated
21 entity that leads fraud risk management
22 activities; and

23 “(vi) if applicable, a detailed justifica-
24 tion for not having a dedicated entity, as
25 described in clause (v);

1 “(B) the status of the fraud risk profiles
2 for each program and operation of the agency,
3 including the date of the last update and date
4 of the next planned update of those fraud risk
5 profiles;

6 “(C) with respect to each program or oper-
7 ation of the agency for which there is not a
8 fraud risk profile, an identification of that pro-
9 gram or operation and a detailed justification
10 for not having a fraud risk profile for the pro-
11 gram or operation;

12 “(D) the status of the antifraud strategies
13 for each program and operation of the agency,
14 including the date of the last update and the
15 date of the next planned update of those anti-
16 fraud strategies; and

17 “(E) with respect to each program or oper-
18 ation of the agency for which there is not an
19 antifraud strategy, an identification of that pro-
20 gram or operation and a detailed justification
21 for not having an antifraud strategy for the
22 program or operation.”.