

In the Senate of the United States,

October 17, 2002.

Resolved, That the bill from the House of Representatives (H.R. 4878) entitled “An Act to provide for estimates and reports of improper payments by Federal agencies.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Improper Payments In-*
3 *formation Act of 2002”.*

1 **SEC. 2. ESTIMATES OF IMPROPER PAYMENTS AND REPORTS**
2 **ON ACTIONS TO REDUCE THEM.**

3 (a) *IDENTIFICATION OF SUSCEPTIBLE PROGRAMS AND*
4 *ACTIVITIES.*—*The head of each agency shall, in accordance*
5 *with guidance prescribed by the Director of the Office of*
6 *Management and Budget, annually review all programs*
7 *and activities that it administers and identify all such pro-*
8 *grams and activities that may be susceptible to significant*
9 *improper payments.*

10 (b) *ESTIMATION OF IMPROPER PAYMENT.*—*With re-*
11 *spect to each program and activity identified under sub-*
12 *section (a), the head of the agency concerned shall—*

13 (1) *estimate the annual amount of improper*
14 *payments; and*

15 (2) *submit those estimates to Congress before*
16 *March 31 of the following applicable year, with all*
17 *agencies using the same method of reporting, as deter-*
18 *mined by the Director of the Office of Management*
19 *and Budget.*

20 (c) *REPORTS ON ACTIONS TO REDUCE IMPROPER PAY-*
21 *MENTS.*—*With respect to any program or activity of an*
22 *agency with estimated improper payments under subsection*
23 *(b) that exceed \$10,000,000, the head of the agency shall*
24 *provide with the estimate under subsection (b) a report on*
25 *what actions the agency is taking to reduce the improper*
26 *payments, including—*

1 (1) a discussion of the causes of the improper
2 payments identified, actions taken to correct those
3 causes, and results of the actions taken to address
4 those causes;

5 (2) a statement of whether the agency has the in-
6 formation systems and other infrastructure it needs
7 in order to reduce improper payments to minimal
8 cost-effective levels;

9 (3) if the agency does not have such systems and
10 infrastructure, a description of the resources the agen-
11 cy has requested in its budget submission to obtain
12 the necessary information systems and infrastructure;
13 and

14 (4) a description of the steps the agency has
15 taken to ensure that agency managers (including the
16 agency head) are held accountable for reducing im-
17 proper payments.

18 (d) *DEFINITIONS.*—For the purposes of this section:

19 (1) *AGENCY.*—The term “agency” means an ex-
20 ecutive agency, as that term is defined in section 102
21 of title 31, United States Code.

22 (2) *IMPROPER PAYMENT.*—The term “improper
23 payment”—

24 (A) means any payment that should not
25 have been made or that was made in an incor-

1 *rect amount (including overpayments and un-*
2 *derpayments) under statutory, contractual, ad-*
3 *ministrative, or other legally applicable require-*
4 *ments; and*

5 *(B) includes any payment to an ineligible*
6 *recipient, any payment for an ineligible service,*
7 *any duplicate payment, payments for services*
8 *not received, and any payment that does not ac-*
9 *count for credit for applicable discounts.*

10 (3) *PAYMENT.*—*The term “payment” means any*
11 *payment (including a commitment for future pay-*
12 *ment, such as a loan guarantee) that is—*

13 *(A) made by a Federal agency, a Federal*
14 *contractor, or a governmental or other organiza-*
15 *tion administering a Federal program or activ-*
16 *ity; and*

17 *(B) derived from Federal funds or other*
18 *Federal resources or that will be reimbursed from*
19 *Federal funds or other Federal resources.*

20 (e) *APPLICATION.*—*This section—*

21 *(1) applies with respect to the administration of*
22 *programs, and improper payments under programs,*
23 *in fiscal years after fiscal year 2002; and*

1 (2) requires the inclusion of estimates under sub-
2 section (b)(2) only in annual budget submissions for
3 fiscal years after fiscal year 2003.

4 (f) *GUIDANCE BY THE OFFICE OF MANAGEMENT AND*
5 *BUDGET.*—Not later than 6 months after the date of enact-
6 ment of this Act, the Director of the Office of Management
7 and Budget shall prescribe guidance to implement the re-
8 quirements of this section.

Attest:

Secretary.

107TH CONGRESS
2D SESSION

H. R. 4878

AMENDMENT