

107TH CONGRESS
2D SESSION

H. R. 4878

IN THE SENATE OF THE UNITED STATES

JULY 11 (legislative day, JULY 10), 2002

Received; read twice and referred to the Committee on Governmental Affairs

AN ACT

To provide for estimates and reports of improper payments
by Federal agencies.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Improper Payments
3 Information Act of 2002”.

4 **SEC. 2. ESTIMATES OF IMPROPER PAYMENTS AND RE-**
5 **PORTS ON ACTIONS TO REDUCE THEM.**

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

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

16 (1) estimate the annual amount of improper
17 payments; and

18 (2) include that estimate in its annual budget
19 submission.

20 (c) REPORTS ON ACTIONS TO REDUCE IMPROPER
21 PAYMENTS.—With respect to any program or activity of
22 an agency with estimated improper payments under sub-
23 section (b) that exceed one percent of the total program
24 or activity budget or \$1,000,000 annually (whichever is
25 less), the head of the agency shall provide with the esti-
26 mate under subsection (b) a report on what actions the

1 agency is taking to reduce the improper payments,
2 including—

3 (1) a statement of whether the agency has the
4 information systems and other infrastructure it
5 needs in order to reduce improper payments to mini-
6 mal cost-effective levels;

7 (2) if the agency does not have such systems
8 and infrastructure, a description of the resources the
9 agency has requested in its budget submission to ob-
10 tain the necessary information systems and infra-
11 structure; and

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

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

17 (1) AGENCY.—The term “agency” means an
18 executive agency, as that term is defined in section
19 102 of title 31, United States Code.

20 (2) IMPROPER PAYMENT.—The term “improper
21 payment”—

22 (A) means any payment that should not
23 have been made or that was made in an incor-
24 rect amount (including overpayments and un-
25 derpayments) under statutory, contractual, ad-

1 ministrative, or other legally applicable require-
2 ments; and

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

8 (3) PAYMENT.—The term “payment” means
9 any payment (including a commitment for future
10 payment, such as a loan guarantee) that is—

11 (A) made by a Federal agency, a Federal
12 contractor, or a governmental or other organi-
13 zation administering a Federal program or ac-
14 tivity; and

15 (B) derived from Federal funds or other
16 Federal resources or that will be reimbursed
17 from Federal funds or other Federal resources.

18 (e) APPLICATION.—This section—

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

22 (2) requires the inclusion of estimates under
23 subsection (b)(2) only in annual budget submissions
24 for fiscal years after fiscal year 2003.

1 (f) GUIDANCE BY THE OFFICE OF MANAGEMENT
2 AND BUDGET.—The Director of the Office of Manage-
3 ment and Budget shall prescribe guidance to implement
4 the requirements of this section.

Passed the House of Representatives July 9, 2002.

Attest:

JEFF TRANDAHL,

Clerk.

By MARTHA C. MORRISON,

Deputy Clerk.