

107TH CONGRESS
2^D SESSION

H. R. 4878

To provide for reduction of improper payments by Federal agencies.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2002

Mr. HORN (for himself and Mr. BURTON of Indiana) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To provide for reduction 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Improper Payments
5 Reduction Act of 2002”.

6 **SEC. 2. DEFINITIONS.**

7 For the purposes of this Act:

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

1 (A) made by a Federal agency, a Federal
2 contractor, or a governmental or other organi-
3 zation administering a Federal program or ac-
4 tivity; and

5 (B) derived from Federal funds or other
6 Federal resources or that will be reimbursed
7 from Federal funds or other Federal resources.

8 (2) IMPROPER PAYMENT.—The term “improper
9 payment”—

10 (A) means any payment that should not
11 have been made or that was made in an incor-
12 rect amount (including overpayments and un-
13 derpayments) under statutory, contractual, ad-
14 ministrative, or other legally applicable require-
15 ments; and

16 (B) includes any payment to an ineligible
17 recipient, any payment for an ineligible service,
18 any duplicate payment, payments for services
19 not received, and any payment that does not ac-
20 count for credit for applicable discounts.

21 (3) AGENCY.—The term “agency” means an
22 executive agency, as that term is defined in section
23 102 of title 31, United States Code.

1 **SEC. 3. ESTIMATES OF IMPROPER PAYMENTS AND REDUC-**
2 **TION TARGETS.**

3 (a) IDENTIFICATION OF SUSCEPTIBLE PROGRAMS
4 AND ACTIVITIES.—The head of each agency shall, in ac-
5 cordance with guidance prescribed under section 4, annu-
6 ally review all programs and activities that it administers
7 and identify all such programs and activities that may be
8 susceptible to significant improper payments.

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

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

14 (2) include that estimate in its annual budget
15 submission and its annual program performance re-
16 port under section 1116 of title 31, United States
17 Code.

18 (c) REDUCTION OF IMPROPER PAYMENTS.—With re-
19 spect to any program or activity of an agency with esti-
20 mated improper payments under subsection (b) that ex-
21 ceed one percent of the total program or activity budget
22 or \$1,000,000 annually (whichever is less), the head of
23 the agency shall—

24 (1) estimate the minimal level to which im-
25 proper payments can be reduced on a cost-effective
26 basis;

1 (2) establish annual performance targets to re-
2 duce such improper payments by specific amounts
3 each year, that will result in reducing improper pay-
4 ments to the minimal level as soon as practical;

5 (3) ensure that responsible agency managers
6 (including the agency head) are held accountable for
7 meeting the performance targets established under
8 paragraph (2); and

9 (4) describe in the agency's annual budget sub-
10 missions and program performance reports—

11 (A) the agency's performance in meeting
12 the targets established under paragraph (2);
13 and

14 (B) how managers have been held account-
15 able for that performance.

16 **SEC. 4. GUIDANCE BY THE OFFICE OF MANAGEMENT AND**
17 **BUDGET.**

18 The Director of the Office of Management and Budg-
19 et shall prescribe guidance to implement the requirements
20 of this Act not later than 30 days after the date of the
21 enactment of this Act.

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