

Union Calendar No. 320

114TH CONGRESS
2D SESSION

H. R. 4180

[Report No. 114–419]

To improve Federal agency financial and administrative controls and procedures to assess and mitigate fraud risks, and to improve Federal agencies' development and use of data analytics for the purpose of identifying, preventing, and responding to fraud, including improper payments.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2015

Mr. MEADOWS (for himself and Mr. CONNOLLY) introduced the following bill;
which was referred to the Committee on Oversight and Government Reform

FEBRUARY 9, 2016

Additional sponsors: Mr. MULVANEY and Ms. DUCKWORTH

FEBRUARY 9, 2016

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To improve Federal agency financial and administrative controls and procedures to assess and mitigate fraud risks, and to improve Federal agencies' development and use of data analytics for the purpose of identifying, preventing, and responding to fraud, including improper payments.

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 “Fraud Reduction and
5 Data Analytics Act of 2015”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

8 (1) the term “agency” has the meaning given
9 the term in section 551 of title 5, United States
10 Code; and

11 (2) the term “improper payment” has the
12 meaning given the term in section 2(g) of the Im-
13 proper Payments Information Act of 2002 (31
14 U.S.C. 3321 note).

15 **SEC. 3. ESTABLISHMENT OF FINANCIAL AND ADMINISTRA-**
16 **TIVE CONTROLS RELATING TO FRAUD AND**
17 **IMPROPER PAYMENTS.**

18 (a) GUIDELINES.—

19 (1) IN GENERAL.—Not later than 90 days after
20 the date of enactment of this Act, the Director of
21 the Office of Management and Budget, in consulta-
22 tion with the Comptroller General of the United
23 States, shall establish guidelines for agencies to es-
24 tablish financial and administrative controls to iden-
25 tify and assess fraud risks and design and imple-

1 ment control activities in order to prevent, detect,
2 and respond to fraud, including improper payments.

3 (2) CONTENTS.—The guidelines described in
4 paragraph (1) shall incorporate the leading practices
5 identified in the report published by the Government
6 Accountability Office on July 28, 2015, entitled
7 “Framework for Managing Fraud Risks in Federal
8 Programs”.

9 (3) MODIFICATION.—The Director of the Office
10 of Management and Budget, in consultation with the
11 Comptroller General of the United States, may peri-
12 odically modify the guidelines described in paragraph
13 (1) as the Director and Comptroller General may de-
14 termine necessary.

15 (b) REQUIREMENTS FOR CONTROLS.—The financial
16 and administrative controls required to be established by
17 agencies under subsection (a) shall include—

18 (1) conducting an evaluation of fraud risks and
19 using a risk-based approach to design and imple-
20 ment financial and administrative control activities
21 to mitigate identified fraud risks;

22 (2) collecting and analyzing data from reporting
23 mechanisms on detected fraud to monitor fraud
24 trends and using that data and information to con-
25 tinuously improve fraud prevention controls; and

1 (3) using the results of monitoring, evaluation,
2 audits, and investigations to improve fraud preven-
3 tion, detection, and response.

4 (c) REPORTS.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), for each of the first 3 fiscal years begin-
7 ning after the date of enactment of this Act, each
8 agency shall submit to Congress, as part of the an-
9 nual financial report of the agency, a report on the
10 progress of the agency in—

11 (A) implementing—

12 (i) the financial and administrative
13 controls required to be established under
14 subsection (a);

15 (ii) the fraud risk principle in the
16 Standards for Internal Control in the Fed-
17 eral Government; and

18 (iii) Office of Management and Budg-
19 et Circular A–123 with respect to the lead-
20 ing practices for managing fraud risk;

21 (B) identifying risks and vulnerabilities to
22 fraud, including with respect to payroll, bene-
23 ficiary payments, grants, large contracts, and
24 purchase and travel cards; and

1 (C) establishing strategies, procedures, and
2 other steps to curb fraud.

3 (2) FIRST REPORT.—If the date of enactment
4 of this Act is less than 180 days before the date on
5 which an agency is required to submit the annual fi-
6 nancial report of the agency, the agency may submit
7 the report required under paragraph (1) as part of
8 the following annual financial report of the agency.

9 **SEC. 4. WORKING GROUP.**

10 (a) ESTABLISHMENT.—Not later than 180 days after
11 the date of enactment of this Act, the Office of Manage-
12 ment and Budget shall establish a working group to im-
13 prove—

14 (1) the sharing of financial and administrative
15 controls established under section 3(a) and other
16 best practices and techniques for detecting, pre-
17 venting, and responding to fraud, including improper
18 payments; and

19 (2) the sharing and development of data ana-
20 lytics techniques.

21 (b) COMPOSITION.—The working group established
22 under subsection (a) shall be composed of—

23 (1) the Controller of the Office of Management
24 and Budget, who shall serve as Chairperson;

1 (2) the Chief Financial Officer of each agency;
2 and

3 (3) any other party determined to be appropriate by the Director of the Office of Management
4 and Budget, which may include the Chief Information
5 Officer, the Chief Procurement Officer, or the
6 Chief Operating Officer of each agency.
7

8 (c) CONSULTATION.—The working group established
9 under subsection (a) shall consult with Offices of Inspectors
10 General and Federal and non-Federal experts on
11 fraud risk assessments, financial controls, and other relevant
12 matters.

13 (d) MEETINGS.—The working group established
14 under subsection (a) shall hold not fewer than 4 meetings
15 per year.

16 (e) PLAN.—Not later than 270 days after the date
17 of enactment of this Act, the working group established
18 under subsection (a) shall submit to Congress a plan for
19 the establishment and use of a Federal interagency library
20 of data analytics and data sets, which can incorporate or
21 improve upon existing Federal resources and capacities,
22 for use by agencies and Offices of Inspectors General to
23 facilitate the detection, prevention, and recovery of fraud,
24 including improper payments.

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