

114TH CONGRESS  
1ST SESSION

# S. 2133

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.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 5, 2015

Mr. REID (for Mr. CARPER (for himself, Mr. TILLIS, Mrs. MCCASKILL, Mr. JOHNSON, and Ms. BALDWIN)) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## 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”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

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

6 (2) the term “improper payment” has the  
7 meaning given the term in section 2(g) of the Im-  
8 proper Payments Information Act of 2002 (31  
9 U.S.C. 3321 note).

10 **SEC. 3. ESTABLISHMENT OF FINANCIAL AND ADMINISTRA-**  
11 **TIVE CONTROLS RELATING TO FRAUD AND**  
12 **IMPROPER PAYMENTS.**

13 (a) GUIDELINES.—

14 (1) IN GENERAL.—Not later than 90 days after  
15 the date of enactment of this Act, the Director of  
16 the Office of Management and Budget, in consulta-  
17 tion with the Comptroller General of the United  
18 States, shall establish guidelines for agencies to es-  
19 tablish financial and administrative controls to iden-  
20 tify and assess fraud risks and design and imple-  
21 ment control activities in order to prevent, detect,  
22 and respond to fraud, including improper payments.

23 (2) CONTENTS.—The guidelines described in  
24 paragraph (1) shall incorporate the leading practices  
25 identified in the report published by the Government  
26 Accountability Office on July 28, 2015, entitled

1 “Framework for Managing Fraud Risks in Federal  
2 Programs”.

3 (3) MODIFICATION.—The Director of the Office  
4 of Management and Budget, in consultation with the  
5 Comptroller General of the United States, may peri-  
6 odically modify the guidelines described in paragraph  
7 (1) as the Director and Comptroller General may de-  
8 termine necessary.

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

12 (1) conducting an evaluation of fraud risks and  
13 using a risk-based approach to design and imple-  
14 ment financial and administrative control activities  
15 to mitigate identified fraud risks;

16 (2) collecting and analyzing data from reporting  
17 mechanisms on detected fraud to monitor fraud  
18 trends and using that data and information to con-  
19 tinuously improve fraud prevention controls; and

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

23 (c) REPORTS.—

24 (1) IN GENERAL.—Except as provided in para-  
25 graph (2), for each of the first 3 fiscal years begin-

1       ning after the date of enactment of this Act, each  
2       agency shall submit to Congress, as part of the an-  
3       nual financial report of the agency, a report on the  
4       progress of the agency in—

5               (A) implementing—

6                   (i) the financial and administrative  
7                   controls required to be established under  
8                   subsection (a);

9                   (ii) the fraud risk principle in the  
10                  Standards for Internal Control in the Fed-  
11                  eral Government; and

12                  (iii) Office of Management and Budg-  
13                  et Circular A-123 with respect to the lead-  
14                  ing practices for managing fraud risk;

15               (B) identifying risks and vulnerabilities to  
16               fraud, including with respect to payroll, bene-  
17               ficiary payments, grants, large contracts, and  
18               purchase and travel cards; and

19               (C) establishing strategies, procedures, and  
20               other steps to curb fraud.

21               (2) FIRST REPORT.—If the date of enactment  
22               of this Act is less than 180 days before the date on  
23               which an agency is required to submit the annual fi-  
24               nancial report of the agency, the agency may submit

1 the report required under paragraph (1) as part of  
2 the following annual financial report of the agency.

3 **SEC. 4. WORKING GROUP.**

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

8 (1) the sharing of financial and administrative  
9 controls established under section 3(a) and other  
10 best practices and techniques for detecting, pre-  
11 venting, and responding to fraud, including improper  
12 payments; and

13 (2) the sharing and development of data ana-  
14 lytics techniques.

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

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

19 (2) the Chief Financial Officer of each agency.

20 (c) CONSULTATION.—The working group established  
21 under subsection (a) shall consult with Offices of Inspec-  
22 tors General and Federal and non-Federal experts on  
23 fraud risk assessments, financial controls, and other rel-  
24 evant matters.

1 (d) MEETINGS.—The working group established  
2 under subsection (a) shall hold not fewer than 4 meetings  
3 per year.

4 (e) PLAN.—Not later than 270 days after the date  
5 of enactment of this Act, the working group established  
6 under subsection (a) shall submit to Congress a plan for  
7 the establishment and use of a Federal interagency library  
8 of data analytics and data sets, which can incorporate or  
9 improve upon existing Federal resources and capacities,  
10 for use by agencies and Offices of Inspectors General to  
11 facilitate the detection, prevention, and recovery of fraud,  
12 including improper payments.

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