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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R. 4180

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

Mr. MEADOWS introduced the following bill; which was referred to the Committee on _____

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fraud Reduction and Data Analytics Act of 2015".

SEC. 2. DEFINITIONS.

In this Act—

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

(2) the term "improper payment" has the meaning given the term in section 2(g) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note).

SEC. 3. ESTABLISHMENT OF FINANCIAL AND ADMINISTRATIVE CONTROLS RELATING TO FRAUD AND IMPROPER PAYMENTS.

(a) GUIDELINES.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidelines for agencies to establish financial and administrative controls to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments.

(2) CONTENTS.—The guidelines described in paragraph (1) shall incorporate the leading practices identified in the report published by the Government 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;

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

21 (3) any other party determined to be appro-
22 priate by the Director of the Office of Management
23 and Budget, which may include the Chief Informa-
24 tion Officer, the Chief Procurement Officer, or the
25 Chief Operating Officer of each agency.

1 (c) CONSULTATION.—The working group established
2 under subsection (a) shall consult with Offices of Inspec-
3 tors General and Federal and non-Federal experts on
4 fraud risk assessments, financial controls, and other rel-
5 evant matters.

6 (d) MEETINGS.—The working group established
7 under subsection (a) shall hold not fewer than 4 meetings
8 per year.

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