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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

# H. R.

To reform the Payment Integrity Information Act of 2019 to ensure executive agencies focus on fraud prevention, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. PALMER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To reform the Payment Integrity Information Act of 2019 to ensure executive agencies focus on fraud prevention, and for other purposes.

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 “Zeroing Out Monetary  
5 Benefits Improperly Expended Act” or the “ZOMBIE  
6 Act”.

1 **SEC. 2. REFORMS TO PAYMENT INTEGRITY INFORMATION**

2 **ACT OF 2019.**

3 (a) DEFINITIONS.—Section 3351 of title 31, United  
4 States Code, is amended—

5 (1) in paragraph (2)—

6 (A) in subparagraph (A)—

7 (i) in clause (i)—

8 (I) by inserting “information on”  
9 before “improper payments”;

10 (II) by striking “information  
11 with” and inserting “resulting in fi-  
12 nancial loss to the Government with”;  
13 and

14 (III) by striking “and” at the  
15 end; and

16 (ii) by inserting after clause (ii) the  
17 following new clause:

18 “(iii) published information on im-  
19 proper payments resulting in financial loss  
20 to the Government with the annual budget  
21 justification of the executive agency for the  
22 most recent fiscal year;”;

23 (B) by redesignating subparagraphs (B)  
24 and (C) as clauses (iv) and (v), respectively  
25 (and by redesignating subparagraphs (D)

1 through (F) as subparagraphs (B) through (D),  
2 respectively);

3 (C) in subparagraph (A)(iv), as so redesign-  
4 nated, by striking “if required, has”;

5 (D) in subparagraph (A)(v), as so redesign-  
6 nated, by striking “if required, publishes” and  
7 inserting “published”;

8 (E) by striking subparagraph (B), as so  
9 redesignated; and

10 (F) by redesignating subparagraphs (C)  
11 and (D), as so redesignated, as subparagraphs  
12 (B) and (C); and

13 (2) by adding at the end the following new  
14 paragraph:

15 “(9) FINANCIAL LOSS TO THE GOVERNMENT.—

16 The term “financial loss to the Government”—

17 “(A) means any payment or part of a pay-  
18 ment made in excess of the correct amount au-  
19 thorized by law that results in a financial loss  
20 to the Federal Government; and

21 “(B) does not include any payment or part  
22 of a payment made to the correct person or en-  
23 tity for the correct amount authorized by law  
24 but not made in accordance with certain admin-  
25 istrative procedures applicable to the executive

1           agency (excluding any such procedure necessary  
2           to establish eligibility or to verify that any pay-  
3           ment or part of a payment was made in such  
4           correct amount).”.

5           (b) ESTIMATES OF IMPROPER PAYMENTS RESULT-  
6           ING IN FINANCIAL LOSS TO THE GOVERNMENT AND RE-  
7           PORTS ON ACTIONS TO REDUCE SUCH PAYMENTS.—Sec-  
8           tion 3352 of title 31, United States Code, is amended—

9           (1) in the heading—

10           (A) by inserting “**resulting in finan-**  
11           **cial loss to the Government**” before  
12           “**and reports**”; and

13           (B) by striking “**reduce improper**  
14           **payments**” and inserting “**reduce such**  
15           **payments**”;

16           (2) in subsection (a)—

17           (A) in paragraph (1)—

18           (i) in subparagraph (A), by striking  
19           “periodically review all programs and ac-  
20           tivities” and inserting “submit annually a  
21           list of each program and activity required  
22           to be reported on the Program Inventory  
23           under section 1122”; and

24           (ii) in subparagraph (B)—

1 (I) by striking “all programs and  
2 activities” and inserting “each pro-  
3 gram and activity from each such  
4 list”; and

5 (II) by striking “(3)” and insert-  
6 ing “(2)”;

7 (B) by striking paragraph (2);

8 (C) by redesignating paragraph (3) as  
9 paragraph (2); and

10 (D) in paragraph (2), as so redesignated—

11 (i) in subparagraph (A), by striking  
12 “improper payments and payments whose  
13 propriety cannot be determined” and in-  
14 serting “improper payments resulting in fi-  
15 nancial loss to the Government and pay-  
16 ments lacking sufficient documentation to  
17 determine whether the payments result in  
18 financial loss to the Government”;

19 (ii) by redesignating subparagraphs  
20 (B) and (C) as subparagraphs (D) and  
21 (E), respectively;

22 (iii) by inserting after subparagraph  
23 (A) the following new subparagraphs:

24 “(B) DEVELOPMENT OF RISK ASSESSMENT  
25 GUIDANCE.—Not later than 1 year after the

1 date of the enactment of this Act, the Secretary  
2 of the Treasury shall develop risk assessment  
3 guidance to assess the risk of improper pay-  
4 ments resulting in financial loss to the Govern-  
5 ment that addresses the following:

6 “(i) The likelihood of payment errors  
7 and the magnitude of such errors that do  
8 not result in financial loss to the Govern-  
9 ment.

10 “(ii) The likelihood of payment errors  
11 and the magnitude of such errors that do  
12 result in financial loss to the Government.

13 “(iii) A formula for estimating finan-  
14 cial loss to the Government.

15 “(iv) Relevant governmentwide docu-  
16 ments and best practices for managing im-  
17 proper payments and mitigating fraud  
18 risks in Federal programs, such as the  
19 document of the Government Account-  
20 ability Office entitled ‘A Framework for  
21 Managing Fraud Risks in Federal Pro-  
22 grams’ (or any successor document), as ap-  
23 plicable and appropriate.

24 “(C) SCOPE.—In preparing a list under  
25 paragraph (1)(A), the head of each executive

1           agency shall require, within 6 months after  
2           issuing the risk assessment guidance, a risk as-  
3           sessment using the guidance developed under  
4           subparagraph (B) for each program or activity  
5           listed under paragraph (1)(A) for each—

6                   “(i) existing programs or activities  
7                   prior to the next disbursement of Federal  
8                   funds with respect to the program or activ-  
9                   ity; and

10                   “(ii) newly authorized programs and  
11                   activities prior to any disbursement of  
12                   Federal funds with respect to the program  
13                   or activity.”;

14                   (iv) in subparagraph (D), as so redes-  
15                   ignated—

16                           (I) in the heading, by striking  
17                           “SCOPE” and inserting “REQUIRE-  
18                           MENTS”;

19                           (II) in the matter preceding  
20                           clause (i)—

21                                   (aa) by striking “In con-  
22                                   ducting a review under para-  
23                                   graph (1), the head of each exec-  
24                                   utive agency shall” and inserting  
25                                   “Risk assessments are to be con-

1 ducted on an ongoing basis, but  
2 no less frequently than once  
3 every 3 years, and”; and

4 (bb) by inserting “, includ-  
5 ing with respect to fraud in any  
6 program or activity listed under  
7 paragraph (1)(A) that causes im-  
8 proper payments resulting in fi-  
9 nancial loss to the Government”  
10 before “, such as”;

11 (III) in clause (x), by striking  
12 “data systems” and inserting “data  
13 assets”; and

14 (IV) in clause (xi)—

15 (aa) by inserting “or im-  
16 proper payments” before “as as-  
17 sessed”; and

18 (bb) by inserting “, or any  
19 successor document” after  
20 “(commonly known as the ‘Green  
21 Book’)”; and

22 (v) in subparagraph (E), as so reded-  
23 igned—

1 (I) in the heading, by striking  
2 “ANNUAL REPORT” and inserting  
3 “REPORTS”;

4 (II) in the matter preceding  
5 clause (i), by striking “Each executive  
6 agency shall publish an annual re-  
7 port” and inserting “Not less than  
8 once every 3 years, the head of each  
9 executive agency shall publish a re-  
10 port”;

11 (III) in clause (i), by striking “;  
12 and” and inserting a semicolon;

13 (IV) in clause (ii), by striking the  
14 period at the end and inserting “;  
15 and”;

16 (V) by adding at the end the fol-  
17 lowing new clause:

18 “(iii) a prioritized listing of risks iden-  
19 tified in subparagraph (D) associated with  
20 each program and activity listed under  
21 paragraph (1)(A) and any corresponding  
22 financial and administrative control to  
23 mitigate any such risk, including the use of  
24 the Do Not Pay Initiative (or any suc-  
25 cessor system) and any other system or

1 data asset maintained by the Secretary of  
2 the Treasury or the Inspector General of  
3 the executive agency to prevent fraud or  
4 improper payments resulting in financial  
5 loss to the Government prior to making an  
6 eligibility determination to receive Federal  
7 funds with respect to any such program or  
8 activity listed under paragraph (1)(A),  
9 issuing an award, or requesting a pay-  
10 ment.”;

11 (3) in subsection (b)—

12 (A) in the heading, by inserting “THAT  
13 RESULT IN FINANCIAL LOSS TO THE GOVERN-  
14 MENT” after “IMPROPER PAYMENTS”;

15 (B) in paragraph (1)—

16 (i) by redesignating subparagraphs  
17 (A) and (B) as subparagraphs (B) and  
18 (C), respectively;

19 (ii) by inserting before subparagraph  
20 (B), as so redesignated, the following new  
21 subparagraph:

22 “(A) review each statistically valid estimate  
23 developed under subsection (c)(1)(A) and make  
24 a recommendation to the head of the executive

1 agency on whether the agency estimate should  
2 be reassessed and reestablished;”;

3 (iii) in subparagraph (B)—

4 (I) by inserting “and activities”  
5 after “high-priority Federal pro-  
6 grams”; and

7 (II) by inserting “that result in  
8 financial loss” after “improper pay-  
9 ments” each place it appears; and

10 (iv) in subparagraph (C)—

11 (I) by striking “(A)” and insert-  
12 ing “(B)”; and

13 (II) by striking “associated” and  
14 inserting “and financial loss associ-  
15 ated”; and

16 (C) in paragraph (2)—

17 (i) in the heading, by inserting “THAT  
18 RESULT IN FINANCIAL LOSS TO THE GOV-  
19 ERNMENT” after “IMPROPER PAYMENTS”;

20 (ii) in subparagraph (A), by striking  
21 “shall on an annual basis” and inserting “,  
22 not less frequently than once every 3 years,  
23 shall”;

24 (iii) in subparagraph (B)—

25 (I) in clause (i)—

1 (aa) in subclause (I)—  
2 (AA) by inserting “that  
3 result in financial loss to the  
4 Government” after “im-  
5 proper payments”; and  
6 (BB) by striking “;  
7 and” and inserting a semi-  
8 colon;  
9 (bb) in subclause (II), by in-  
10 serting “that result in financial  
11 loss to the Government, including  
12 by making it harder for fraudu-  
13 lent actors to exploit the pro-  
14 gram” after “improper pay-  
15 ments”; and  
16 (cc) by adding at the end  
17 the following new subclause:  
18 “(III) has taken or plans to take  
19 to reduce the percentage of improper  
20 payments that result in financial loss  
21 to the Government;”; and  
22 (II) by inserting after clause (i)  
23 the following new clause (and redesign-  
24 nating the succeeding clause accord-  
25 ingly):

1 “(ii) shall include—

2 “(I) an estimate of the total  
3 amount of the payments that result in  
4 financial loss to the Government;

5 “(II) an estimate of the total  
6 amount of the payments that do not  
7 result in financial loss to the Govern-  
8 ment;

9 “(III) the percentage of pay-  
10 ments that result in financial loss to  
11 the Government;

12 “(IV) an assessment of the por-  
13 tion of the total amount of payments  
14 that result in financial loss to the  
15 Government that are due to fraudu-  
16 lent actions by the recipient of such  
17 payments;

18 “(V) the total amount of dis-  
19 bursed payments; and

20 “(VI) a description of resources  
21 or legislative changes proposed to im-  
22 prove or maintain the integrity of the  
23 relevant program or activity; and”;

24 (iv) in subparagraph (E)(i)—

1 (I) in subclause (I), by striking  
2 “improper payment” and inserting  
3 “improper payments that result in fi-  
4 nancial loss”; and

5 (II) in subclause (II), by striking  
6 “improper payments” and inserting  
7 “improper payments that result in fi-  
8 nancial loss”; and

9 (v) by amending subparagraph (F) to  
10 read as follows:

11 “(F) AGENCY LIAISON DESIGNATION AND  
12 MANDATORY COORDINATION MEETINGS.—Not  
13 less frequently than once every fiscal year, the  
14 head of each executive agency with a high-pri-  
15 ority Federal program or activity identified  
16 under paragraph (1)(B) shall designate a senior  
17 official of the executive agency to serve as the  
18 liaison of the executive agency for work under  
19 this subchapter who shall meet for a non-audit  
20 or investigative purpose with the Director of the  
21 Office of Management and Budget (or a des-  
22 ignee of the Director), the Commissioner of the  
23 Bureau of the Fiscal Service of the Department  
24 of the Treasury (or a designee of the Commis-  
25 sioner), the Inspector General of the executive

1 agency (or a designee of the Inspector General),  
2 and the Pandemic Response Accountability  
3 Committee established under section 15010 of  
4 the CARES Act (Public Law 116–136; 134  
5 Stat. 533) (or any successor organization) to  
6 report on any action taken during the preceding  
7 fiscal year and any planned action, including  
8 any reform to any financial or administrative  
9 control, to prevent improper payments (with a  
10 focus on improper payments that lead to finan-  
11 cial loss to the Government) and mitigate fraud  
12 in such program or activity.”;

13 (4) in subsection (c)—

14 (A) in the heading, by inserting “THAT  
15 RESULT IN FINANCIAL LOSS TO THE GOVERN-  
16 MENT” after “IMPROPER PAYMENTS”;

17 (B) in paragraph (1)—

18 (i) by amending subparagraph (A) to  
19 read as follows:

20 “(A) develop a statistically valid estimate  
21 of improper payments that result in financial  
22 loss to the Government;”;

23 (ii) by striking subparagraph (B); and

24 (iii) by adding at the end the fol-  
25 lowing new subparagraphs:

1           “(B) include such estimate in the annual  
2 budget justification of the executive agency; and

3           “(C) revise such estimate if the head of the  
4 executive agency determines, which may be  
5 based on a recommendation from the Director  
6 in consultation with the Secretary of the Treas-  
7 ury and the Inspector General of the executive  
8 agency, that there is a need to reestablish the  
9 estimate of improper payments that result in fi-  
10 nancial loss to the Government due to—

11           “(i) a significant change, as deter-  
12 mined by the agency head, to the program  
13 or activity’s appropriation or authorization;

14           “(ii) newly establishing the program  
15 or activity; or

16           “(iii) a recommendation from the  
17 agency Inspector General in the annual  
18 compliance report issued under section  
19 3353(a).”; and

20           (C) in paragraph (2)—

21           (i) in subparagraph (A), by inserting  
22 “resulting in financial loss to the Govern-  
23 ment,” after “improper payment”; and

24           (ii) in subparagraph (B), by striking  
25 “improper payments” before “estimate”;

1 (5) in subsection (d)—

2 (A) in the heading—

3 (i) by striking “REDUCE” and insert-  
4 ing “REDUCE AND PREVENT”; and

5 (ii) by inserting “THAT RESULT IN  
6 FINANCIAL LOSS TO THE GOVERNMENT”  
7 after “IMPROPER PAYMENTS”;

8 (B) in the matter preceding paragraph  
9 (1)—

10 (i) by inserting “that result in finan-  
11 cial loss to the Government” after “esti-  
12 mated improper payments”; and

13 (ii) by striking “reduce improper pay-  
14 ments” and inserting “reduce and prevent  
15 such payments”;

16 (C) in paragraph (1), by inserting “that  
17 result in financial loss to the Government (in-  
18 cluding actions used to commit fraud)” after  
19 “improper payments”;

20 (D) in paragraph (2)—

21 (i) in the matter preceding subpara-  
22 graph (A), by inserting “that result in fi-  
23 nancial loss to the Government” after “in  
24 order to reduce improper payments”;

1 (ii) in subparagraph (B), by striking  
2 “; and” and inserting a semicolon at the  
3 end;

4 (iii) in subparagraph (C), by striking  
5 the period at the end and inserting “;  
6 and”; and

7 (iv) by adding at the end the following  
8 new subparagraph:

9 “(D) access to appropriate records and  
10 data assets, whether maintained by an executive  
11 agency, a State or local government, or a pri-  
12 vate sector organization;”;

13 (E) in paragraph (5), by striking “; and”  
14 and inserting a semicolon at the end;

15 (F) in paragraph (6), by striking the pe-  
16 riod at the end and inserting “; and”; and

17 (G) by adding at the end the following new  
18 paragraph:

19 “(7) information on the progress of the execu-  
20 tive agency with respect to—

21 “(A) implementing the financial and ad-  
22 ministrative controls required to be established  
23 under subsection (a)(2)(E)(iii);

24 “(B) implementing relevant government-  
25 wide documents and best practices for man-

1           aging improper payments and mitigating fraud  
2           risks in Federal programs, such as the docu-  
3           ment of the Government Accountability Office  
4           entitled ‘A Framework for Managing Fraud  
5           Risks in Federal Programs’ (or any successor  
6           document), as applicable and appropriate, in-  
7           cluding with respect to the identification of—

8                   “(i) any dedicated entity that leads  
9                   the fraud risk management activity of the  
10                  executive agency;

11                  “(ii) responsibilities of such entity, in-  
12                  cluding any program or operation for  
13                  which the entity is responsible;

14                  “(iii) capacity, including any limita-  
15                  tions, to strategically manage fraud risks;

16                  “(iv) any program or operation within  
17                  the executive agency for which there is not  
18                  a dedicated entity that leads fraud risk  
19                  management, along with a detailed jus-  
20                  tification for not having such a dedicated  
21                  entity; and

22                  “(v) the status of implementing the  
23                  overarching concepts with associated lead-  
24                  ing practices identified in such document  
25                  entitled ‘A Framework for Managing

1 Fraud Risks in Federal Programs’ (or any  
2 such successor document), as applicable  
3 and appropriate;

4 “(C) implementing the Office of Manage-  
5 ment and Budget Circular A–123, or any suc-  
6 cessor policy, with respect to leading practices  
7 for managing fraud and improper payments  
8 risk;

9 “(D) identifying fraud risks and  
10 vulnerabilities, including but not limited to pay-  
11 roll, beneficiary payments, grants, large con-  
12 tracts, and purchase and travel cards; and

13 “(E) establishing strategies, procedures,  
14 and other steps to prevent, detect, and respond  
15 to fraud.”;

16 (6) in subsection (e)—

17 (A) in the matter preceding paragraph  
18 (1)—

19 (i) by inserting “that result in finan-  
20 cial loss to the Government,” after “With  
21 respect to improper payments”; and

22 (ii) by striking “the improper pay-  
23 ments” and inserting “such payments”;

1 (B) in paragraph (1), by inserting “that  
2 result in financial loss to the Government,”  
3 after “improper payments”; and

4 (C) in paragraph (2), by inserting “that  
5 result in financial loss to the Government,”  
6 after “improper payments”;

7 (7) in subsection (f)(1)—

8 (A) in the matter preceding subparagraph  
9 (A)—

10 (i) by inserting “that result in finan-  
11 cial loss to the Government” after “regard-  
12 ing improper payments”; and

13 (ii) by inserting “such” after “re-  
14 cover”;

15 (B) in subparagraph (B)—

16 (i) by inserting “Government” before  
17 “Reform”; and

18 (ii) by striking “and” at the end; and

19 (C) by inserting after subparagraph (B)  
20 the following new subparagraphs (and redesign-  
21 ating the succeeding subparagraph accord-  
22 ingly):

23 “(C) the Committee on the Budget of the  
24 Senate;

1           “(D) the Committee on the Budget of the  
2           House of Representatives;

3           “(E) the Committee on Appropriations of  
4           the Senate;

5           “(F) the Committee on Appropriations of  
6           the House of Representatives; and”;

7           (8) in subsection (g)—

8           (A) in paragraph (1), by inserting “and  
9           periodically thereafter,” after “Not later than 1  
10          year after the date of enactment of this sec-  
11          tion”; and

12          (B) in paragraph (2)(B), by striking “pre-  
13          payment and postpayment” and inserting “pre-  
14          award and pre-payment”; and

15          (9) in subsection (i)(2)—

16          (A) in subparagraph (C), by striking “25”  
17          and inserting “10”; and

18          (B) in subparagraph (D), by striking “25”  
19          and inserting “75”.