

**Calendar No. 391**

114TH CONGRESS  
2D SESSION

**S. 2133**

**[Report No. 114–229]**

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, Ms. BALDWIN, and Ms. AYOTTE)) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

MARCH 15, 2016

Reported by Mr. JOHNSON, without amendment

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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”.

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; and

25 (2) the Chief Financial 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.



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