

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—118th Cong., 2d Sess.

S. 2924

To amend title 31, United States Code, to improve the management of improper payments, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. CARPER

Viz:

1 Strike all after the enacting clause and insert the fol-

2 lowing:

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safeguarding the

5 Transparency and Efficiency of Payments Act” or the

6 “STEP Act”.

7 **SEC. 2. IMPROPER PAYMENTS.**

8 (a) DEFINITIONS.—

9 (1) IN GENERAL.—Section 3351 of title 31,

10 United States Code, is amended—

1 (A) by redesignating paragraphs (2)
2 through (8) as paragraphs (3) through (9), re-
3 spectively; and

4 (B) by inserting after paragraph (1) the
5 following:

6 “(2) CHIEF FINANCIAL OFFICER.—The term
7 ‘chief financial officer’ means—

8 “(A) with respect to an executive agency
9 described in section 901(b), the Chief Financial
10 Officer of the executive agency appointed under
11 such section; and

12 “(B) with respect to an executive agency
13 that is not described in section 901(b), the offi-
14 cial serving as the senior executive responsible
15 for managing the financial activities of the exec-
16 utive agency.”.

17 (2) CONFORMING AMENDMENTS.—Section
18 3353(a)(4)(B) of title 31, United States Code, is
19 amended—

20 (A) in clause (i), by striking “section
21 3351(2)(B)” and inserting “section
22 3351(3)(B)”;

23 (B) in clause (ii), by striking “section
24 3351(2)(C)” and inserting “section
25 3351(3)(C)”;

1 (C) in clause (iii), by striking “section
2 3351(2)(D)” and inserting “section
3 3351(3)(D)”; and

4 (D) in clause (vi), by striking “section
5 3351(2)(A)” and inserting “section
6 3351(3)(A)”.

7 (b) ESTIMATES OF IMPROPER PAYMENTS AND RE-
8 PORTS ON ACTIONS TO REDUCE IMPROPER PAYMENTS.—
9 Section 3352 of title 31, United States Code, is amend-
10 ed—

11 (1) in subsection (a)—

12 (A) in paragraph (3)—

13 (i) in subparagraph (B), in the matter
14 preceding clause (i), by striking “para-
15 graph (1)” and inserting “paragraph
16 (1)(B)”; and

17 (ii) in subparagraph (C), by striking
18 “paragraph (1)” and inserting “para-
19 graphs (1) and (4)”; and

20 (B) by adding at the end the following:

21 “(4) NEW PROGRAMS AND ACTIVITIES.—In ad-
22 dition to the programs and activities identified under
23 paragraph (1)(B) and subject to paragraph (5), the
24 head of an executive agency shall annually identify

1 as susceptible to significant improper payments any
2 program or activity that—

3 “(A) has or is expected to have outlays ex-
4 ceeding \$100,000,000 in any one of the first 3
5 fiscal years of operation; and

6 “(B) is in the first 4 years of operation.

7 “(5) EXCEPTION.—Paragraph (4) shall not
8 apply with respect to any program or activity that
9 the head of the relevant executive agency concludes,
10 based on the results of a review conducted under
11 paragraph (1), is not susceptible to significant im-
12 proper payments.”;

13 (2) in subsection (c)(1)—

14 (A) in the matter preceding subparagraph
15 (A), by striking “subsection (a)(1)” and insert-
16 ing “paragraph (1) or (4) of subsection (a)”;
17 and

18 (B) by striking subparagraphs (A) and (B)
19 and inserting the following:

20 “(A) produce a statistically valid estimate
21 of the improper payments made under the pro-
22 gram or activity, or an estimate of such im-
23 proper payments that is otherwise appropriate
24 using a methodology approved by—

1 “(i) the Director of the Office of Man-
2 agement and Budget; and

3 “(ii) the chief financial officer of the
4 executive agency; and

5 “(B) report the estimates described in sub-
6 paragraph (A) in accordance with subsection
7 (j).”; and

8 (3) by adding at the end the following:

9 “(j) ANNUAL REPORTS.—Any annual report required
10 to be made by the head of an executive agency under this
11 section shall—

12 “(1) be included in the materials accompanying
13 the annual financial statement of the executive agen-
14 cy and, as required, in applicable guidance of the Of-
15 fice of Management and Budget; and

16 “(2) include a statement by the chief financial
17 officer of the executive agency—

18 “(A) certifying the reliability of the execu-
19 tive agency’s identification of programs and ac-
20 tivities that may be susceptible to significant
21 improper payments under subsection (a); and

22 “(B) describing the actions of the chief fi-
23 nancial officer of the executive agency to mon-
24 itor the development and implementation of any

1 respect to the leading practices for
2 managing fraud risk;

3 “(ii) identifying fraud risks and
4 vulnerabilities, including with respect to
5 payroll, beneficiary payments, grants, large
6 contracts, and purchase and travel cards;
7 and

8 “(iii) establishing strategies, proce-
9 dures, and other steps to curb fraud; and

10 “(B) that includes information on the sta-
11 tus of implementing each of the 11 leading
12 practices identified in the report published by
13 the Government Accountability Office on July
14 28, 2015, entitled ‘Framework for Managing
15 Fraud Risks in Federal Programs’

16 “(2) INFORMATION IN REPORT.—If the annual
17 financial statement of an agency, or an alternative
18 report of the agency included in the annual financial
19 statement, includes information that fulfills the re-
20 quirements of this subsection, the head of the agen-
21 cy may include a brief statement to that effect in the
22 financial statement or alternative report without du-
23 plicating the information required under this sub-
24 section in a separate or standalone report.”.

1 **SEC. 3. NO ADDITIONAL FUNDS.**

2 No additional funds are authorized to be appro-
3 priated for the purpose of carrying out this Act or the
4 amendments made by this Act.