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FEDERAL IMPROPER PAYMENTS COORDINATION ACT OF 2015

OCTOBER 20, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CHAFFETZ, from the Committee on Oversight and Government Reform, submitted the following

R E P O R T

[To accompany H.R. 2320]

[Including cost estimate of the Congressional Budget Office]

The Committee on Oversight and Government Reform, to whom was referred the bill (H.R. 2320) to provide access to and use of information by Federal agencies in order to reduce improper payments, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Improper Payments Coordination Act of 2015".

SEC. 2. AVAILABILITY OF THE DO NOT PAY INITIATIVE TO THE JUDICIAL AND LEGISLATIVE BRANCHES AND STATES.

Section 5 of the Improper Payments Elimination and Recovery Improvement Act of 2012 (31 U.S.C. 3321 note) is amended—

(1) in subsection (b)(3)—

(A) in the paragraph heading, by striking "BY AGENCIES"; and

(B) by adding at the end the following: "States and any contractor, subcontractor, or agent of a State, and the judicial and legislative branches of the United States (as defined in paragraphs (2) and (3), respectively, of section 202(e) of title 18, United States Code), shall have access to, and use of, the Do Not Pay Initiative for the purpose of verifying payment or award eligibility for payments (as defined in section 2(g)(3) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note)) when, with respect to a State, the Director of the Office of Management and Budget determines that the Do Not Pay Initiative is appropriately established for that State and any contractor, subcontractor, or agent of the State, and, with respect to the judicial and legislative branches of the United States, when the Director of the Office of Management and Budget determines that the Do Not Pay Initiative is appropriately established for the judicial branch or the legislative branch, as applicable. To ensure consistency with the principles of section 552a of title 5, United States Code (commonly known as the Privacy Act of 1974) the Director of the Office of Management and Budget may issue guidance that establishes privacy and other requirements that shall be incorporated into Do Not Pay Initiative access agreements with States, including any contractor, subcontractor, or agent of a State, and the judicial and legislative branches of the United States."; and

(2) in subsection (d)(2)—

(A) in subparagraph (B), by striking "and" after the semicolon;

(B) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(C) by inserting after subparagraph (C) the following:

"(D) may include States and their quasi-government entities, and the judicial and legislative branches of the United States (as defined in paragraphs (2) and (3), respectively, of section 202(e) of title 18, United States Code) as users of the system in accordance with subsection (b)(3).".

SEC. 3. IMPROVING THE SHARING AND USE OF DATA BY GOVERNMENT AGENCIES TO CURB IMPROPER PAYMENTS.

The Improper Payments Elimination and Recovery Improvement Act of 2012 (31 U.S.C. 3321 note) is amended—

(1) in section 5(a)(2), by striking subparagraph (A) and inserting the following:

"(A) The death records maintained by the Commissioner of Social Security."; and

(2) by adding at the end the following:

"SEC. 7. IMPROVING THE USE OF DATA BY GOVERNMENT AGENCIES FOR CURBING IMPROPER PAYMENTS.

"(a) PROMPT REPORTING OF DEATH INFORMATION BY THE DEPARTMENT OF STATE AND THE DEPARTMENT OF DEFENSE.—Not later than 1 year after the date of enactment of this section, the Secretary of State and the Secretary of Defense shall establish a procedure under which each Secretary shall, promptly and on a regular basis, submit information relating to the deaths of individuals to each agency for which the Director of the Office of Management and Budget determines receiving and using such information would be relevant and necessary.

"(b) GUIDANCE TO AGENCIES REGARDING DATA ACCESS AND USE FOR IMPROPER PAYMENTS PURPOSES.—

"(1) IN GENERAL.—Not later than 12 months after the date of enactment of this section, the Director of the Office of Management and Budget, in consultation with the Council of the Inspectors General on Integrity and Efficiency, the heads of other relevant Federal, State, and local agencies, and Indian tribes and tribal organizations, as appropriate, shall issue guidance regarding implementation of the Do Not Pay Initiative under section 5 to—

"(A) the Department of the Treasury; and

"(B) each agency or component of an agency—

"(i) that operates or maintains a database of information described in section 5(a)(2); or

"(ii) for which the Director determines improved data matching would be relevant, necessary, or beneficial.

"(2) REQUIREMENTS.—The guidance issued under paragraph (1) shall—

"(A) address the implementation of subsection (a); and

"(B) include the establishment of deadlines for access to and use of the databases described in section 5(a)(2) under the Do Not Pay Initiative.".

SEC. 4. DATA ANALYTICS.

Section 5 of the Improper Payments Elimination and Recovery Improvement Act of 2012 (31 U.S.C. 3321 note), is amended by adding at the end the following:

"(h) REPORT ON IMPROPER PAYMENTS DATA ANALYSIS.—Not later than 180 days after the date of enactment of the Federal Improper Payments Coordination Act of 2015, the Secretary of the Treasury shall submit to Congress a report which shall include a description of—

"(1) data analytics performed as part of the Do Not Pay Business Center operated by the Department of the Treasury for the purpose of detecting, preventing, and recovering improper payments through preaward, postaward prepayment, and postpayment analysis, which shall include a description of any analysis or investigations incorporating—

"(A) review and data matching of payments and beneficiary enrollment lists of State programs carried out using Federal funds for the purposes of identifying eligibility duplication, residency ineligibility, duplicate payments, or other potential improper payment issues;

"(B) review of multiple Federal agencies and programs for which comparison of data could show payment duplication; and

"(C) review of other information the Secretary of the Treasury determines could prove effective for identifying, preventing, or recovering improper payments, which may include investigation or review of information from multiple Federal agencies or programs;

"(2) the metrics used in determining whether the analytic and investigatory efforts have reduced, or contributed to the reduction of, improper payments or improper awards; and

"(3) the target dates for implementing the data analytics operations performed as part of the Do Not Pay Business Center.".

COMMITTEE STATEMENT AND VIEWS

PURPOSE AND SUMMARY

H.R. 2320, the Federal Improper Payments Coordination Act of 2015, reduces improper payments by making data available to program administrators. The bill expands access to databases included in the Do Not Pay Initiative to states, state contractors, and the judicial and legislative branches of the United States. H.R. 2320 expands access to death records to verify eligibility for payments and awards. The bill also requires the Department of Treasury to submit a report on its work to reduce improper payments through the Do Not Pay Center.

BACKGROUND AND NEED FOR LEGISLATION

Federal agencies make more than $2 trillion in payments to individuals and a variety of other entities each year.[1] In each of the last six years, federal agencies have made more than $100 billion in improper payments.[2] Improper payments include payments made to ineligible recipients, duplicate payments, payments for goods or services not received, and payments that do not account

[1] Dep't of Treasury Bureau of the Fiscal Service, *Do Not Pay Agency Implementation Guide For Treasury's Working System* (Dec. 2014), *available at* donotpay.treas.gov/DNPAgency ImplementationGuidePublic.pdf (last visited Sept. 22, 2015).

[2] Office of Mgmt. & Budget, *Improper Payment Amounts (FYs 2004–2014), available at* paymentaccuracy.gov/improper-payment-amounts (last visited Sept. 22, 2015) (hereinafter *Improper Payment Amounts (FYs 2004–2014)*).

for credit or applicable discounts.[3] Since government agencies first began reporting in 2004, the federal government has made nearly $1 trillion in improper payments.[4]

H.R. 4878, the Improper Payments Information Act (IPIA) of 2002,[5] directed federal agencies to identify programs with excessive improper payments and report the estimated rate of improper payments. Reporting began in fiscal year 2004.[6] In 2006, the Government Accountability Office reported that the first two years of IPIA reporting failed to capture the full scope of federal improper payments.[7] In 2010, Congress passed the Improper Payments Elimination and Recovery Act (IPERA)[8] to establish specific requirements for identifying programs with significant improper payments, impose requirements to audit programs to recover improper payments, and require the agency's inspector general to review compliance with IPIA and IPERA.

In 2012, Congress revisited improper payments and passed the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA). IPERIA expanded the requirements placed on agencies to report, identify, and recover improper payments through reduction targets and error rates.[9] IPERIA also codified and expanded the Do Not Pay Initiative, which now serves as a central location for agencies to check payment data against multiple other databases to verify eligibility. To date, the statutory requirements of the Do Not Pay Initiative have not been fully implemented, such as full participation from all federal agencies. To help ensure statutory compliance, the Committee expects that the Department of Treasury encourage, provide and maintain access to the Do Not Pay Initiative as a one-stop data shop, including through the use of single agreements for access to all of the databases that make up the Do Not Pay Business Center.

H.R. 2320 reforms the methods used to identify and track improper payments, specifically providing "states and any contractor, subcontractor or agency of the State, and the judicial and legislative branches of the United States" access to the Do Not Pay Initiative, as well as expanded access to death records and reporting. To gain a better understanding of what the Department of Treasury needs to fully implement the requirements in IPERIA, H.R. 2320 requires Treasury to produce a report on the data analytic capabilities of the Do Not Pay Business Center.

LEGISLATIVE HISTORY

H.R. 2320, the Federal Improper Payments Coordination Act of 2015, was introduced by Congressman Mick Mulvaney (R–SC) on May 14, 2015 and referred to the Committee on Oversight and Government Reform. On July 22, 2015, the Committee on Oversight and Government Reform ordered H.R. 2320 favorably reported, with an amendment in the nature of a substitute offered by

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[3] Congressional Research Serv., *Improper Payments in High Priority Programs: In Brief* (Aug. 18, 2014) (R43694) (hereinafter *Improper Payments in High Priority Programs: In Brief*).

[4] *Improper Payment Amounts (FYs 2004–2014), supra* note 2.

[5] Improper Payments Info. Act of 2002, Pub. L. No. 107–300.

[6] *Improper Payments in High Priority Programs: In Brief, supra* note 3.

[7] Gov't Accountability Office, *Incomplete Reporting under the Improper Payments Info. Act Masks the Extent of the Problem* (Dec. 5, 2006) (GAO–07–254T).

[8] Improper Payments Elimination & Recovery Act of 2010, Pub. L. No. 111–204.

[9] Gov't Accountability Office, *OIG Improper Payment Reporting,* at 1, (Dec. 9, 2014) (GAO–15–87R).

Congressman Mulvaney. Congresswoman Cheri Bustos (D–IL), Congressman Earl L. "Buddy" Carter (R–GA), Congressman Gerald Connolly (D–VA), and Congressman Lynn Westmoreland (R–GA) are original cosponsors.

The companion bill, S. 614, was introduced by Senator Thomas R. Carper (D–DE) on February 7, 2015 and referred to the Senate Committee on Homeland Security and Governmental Affairs. On March 4, 2015, the Committee on Homeland Security and Governmental Affairs ordered S. 614 favorably reported, without amendment, by voice vote, en bloc. S. 614 passed the Senate by unanimous consent on July 28, 2015. The bill was sent to the House and held at the desk.

During the 113th Congress, Senator Carper introduced legislation that included the concepts of S. 614 on July 24, 2013. The bill, S. 1360, was ordered reported by the Committee on Homeland Security and Governmental Affairs on July 31, 2013 and passed the Senate by unanimous consent on September 18, 2014. The legislation was held at the desk by the House. Congresswoman Cheri Bustos (D–IL) introduced the companion bill, H.R. 3555, on November 20, 2013, which was referred to the Committees on Oversight and Government Reform and Ways and Means. No further action was taken.

SECTION-BY-SECTION

Section 1. Short title

Designates the short title of the bill as the "Federal Improper Payments Coordination Act of 2015".

Section 2. Availability of the Do Not Pay Initiative to the judicial and legislative branches and states

Expands access to the Do Not Pay Center to states and any contractor, subcontractor or agency of the State, and the judicial and legislative branches of the United States.

Section 3. Improving the sharing and use of data by government agencies to curb improper payments

Expands the requirement that agencies review certain databases prior to issuing any payment or award to verify eligibility to include the death records maintained by the Commissioner of Social Security.

Requires the Secretaries of State and Defense to establish a procedure to submit information relating to deaths of individuals to agencies as determined by the Director of the Office of Management and Budget (OMB).

Requires OMB to issue guidance on implementing the Do Not Pay Initiative to address the procedures established by Secretaries of State and Defense to disseminate death information and to establish deadlines for access and use of certain databases to determine eligibility prior to issuing a payment or award.

Section 4. DATA analytics

Requires the Department of Treasury to issue a report on data analytics performed by the Do Not Pay Center, metrics used to determine if efforts have reduced improper payments, and target

dates for implementing the data analytics operations performed as part of the Do Not Pay Center.

EXPLANATION OF AMENDMENTS

Congressman Mulvaney offered an amendment in the nature of a substitute to the bill. The amendment allows the Director of the Office of Management and Budget to establish privacy and other requirements to be incorporated into the Do Not Pay program access agreements with the States, state contractors, and judicial and legislative branches. The amendment was adopted by voice vote.

COMMITTEE CONSIDERATION

On July 22, 2015, the Committee met in open session and ordered reported favorably the bill, H.R. 2320, as amended, by voice vote, a quorum being present.

ROLL CALL VOTES

No recorded votes were taken during Full Committee consideration of the bill.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch where the bill relates to the terms and conditions of employment or access to public services and accommodations. This bill enhances access to the Do Not Pay center as a tool to identify fraud and other improper payments. As such this bill does not relate to employment or access to public services and accommodations.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goal or objective of the bill is to provide access to and use of information by Federal agencies in order to reduce improper payments.

DUPLICATION OF FEDERAL PROGRAMS

No provision of this bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that enacting this bill does not direct the completion of any specific rule makings within the meaning of 5 U.S.C. 551. The bill requires the Office of Management and Budget to issue guidance on implementing the Do Not Pay Initiative to address the procedures established by Secretaries of State and Defense to disseminate death information and to establish deadlines for access and use of certain databases to determine eligibility prior to issuing a payment or award.

FEDERAL ADVISORY COMMITTEE ACT

The Committee finds that the legislation does not establish or authorize the establishment of an advisory committee within the definition of 5 U.S.C. App., Section 5(b).

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement as to whether the provisions of the reported bill include unfunded mandates. In compliance with this requirement the Committee has received a letter from the Congressional Budget Office included herein.

EARMARK IDENTIFICATION

This bill does not include any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

COMMITTEE ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of Congressional Budget Office:

H.R. 2320—Federal Improper Payments Coordination Act of 2015

H.R. 2320 would amend federal law with an aim to reduce improper payments made by the federal government. Improper payments occur when funds are paid to the wrong recipient, the recipi-

ent receives the incorrect amount of funds, documentation is not available to support a payment, or the recipient uses funds in an improper manner.[1] Specifically, the legislation would authorize the judicial and legislative branches, as well as state government agencies that manage federal programs, to use the Treasury Department's Do Not Pay (DNP) Program. The Office of Management and Budget (OMB) would provide guidance on its use. (Agencies use that program to check various databases before making payments or contract awards in order to identify ineligible recipients and to prevent other payment errors.) H.R. 2320 also would direct the Secretaries of State and Defense to improve the accuracy of their payment systems by sharing information relating to the deaths of individuals. Finally, the Secretary of the Treasury would be required to submit a report to the Congress on efforts to reduce improper payments.

OMB reports that about $125 billion in improper payments were made by the federal government in 2014, which represented about 4 percent of the $3 trillion in government-wide spending that year. Although implementing the bill would probably result in fewer improper payments, any subsequent budgetary savings would not be significant for several reasons:

- Most improper payments result from incomplete documentation related to the payment and correcting that documentation usually does not alter the amount of the payment;
- Over 80 percent of improper payments stem from the larger federal entitlement programs such as Medicare, Medicaid, Unemployment Insurance, and Supplemental Security Income. The bill would not provide any new authorities to help those programs reduce improper payments;
- The judicial and legislative branches of the government can already access the DNP program under current law, according to Treasury Department officials;
- Spending by those branches represents less than 1 percent of total federal spending and most of it is for salaries and expenses. Such spending generally does not result in large numbers of improper payments;
- State and local governments already use databases similar to the DNP to detect improper payments.

In fact, no measures used by OMB or evidence from the Government Accountability Office (GAO) indicate that focusing on correcting improper payments would lead to a significant reduction in federal spending.

Because enacting the bill could affect direct spending for federal entitlement programs, pay-as-you-go procedures apply. However, CBO estimates that any change in direct spending would not be significant for the reasons stated above. We also estimate that implementing H.R. 2320 would result in additional spending of about $1 million in 2016 and less than $500,000 in subsequent years, primarily to cover additional administrative costs by OMB and the Departments of Defense, State, and the Treasury. Such additional spending would be subject to the availability of appropriated funds.

[1] A fraudulent payment (the intentional misuse of funds) may be related to an improper payment, but they are not necessarily the same. Efforts to curtail improper payments do not exclusively target fraud prevention. For additional information see: Congressional Budget Office: *How Initiatives to Reduce Fraud in Federal Health Care Programs Affect the Budget* (October 2014).

H.R. 2320 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On June 18, 2015, CBO provided a cost estimate for S. 614, the Federal Improper Payments Coordination Act of 2015, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on March 4, 2015. While both bills have identical provisions dealing with improper payments, H.R. 2320 includes additional responsibilities for OMB. The CBO cost estimates reflect that difference.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

IMPROPER PAYMENTS ELIMINATION AND RECOVERY IMPROVEMENT ACT OF 2012

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SEC. 5. DO NOT PAY INITIATIVE.

(a) PREPAYMENT AND PREAWARD PROCEDURES.—

(1) IN GENERAL.—Each agency shall review prepayment and preaward procedures and ensure that a thorough review of available databases with relevant information on eligibility occurs to determine program or award eligibility and prevent improper payments before the release of any Federal funds.

(2) DATABASES.—At a minimum and before issuing any payment and award, each agency shall review as appropriate the following databases to verify eligibility of the payment and award:

[(A) The Death Master File of the Social Security Administration.]

(A) The death records maintained by the Commissioner of Social Security.

(B) The General Services Administration's Excluded Parties List System.

(C) The Debt Check Database of the Department of the Treasury.

(D) The Credit Alert System or Credit Alert Interactive Voice Response System of the Department of Housing and Urban Development.

(E) The List of Excluded Individuals/Entities of the Office of Inspector General of the Department of Health and Human Services.

(F) Information regarding incarcerated individuals maintained by the Commissioner of Social Security under sections 202(x) and 1611(e) of the Social Security Act.

(b) DO NOT PAY INITIATIVE.—

(1) ESTABLISHMENT.—There is established the Do Not Pay Initiative which shall include—

(A) use of the databases described under subsection (a)(2); and

(B) use of other databases designated by the Director of the Office of Management and Budget in consultation with agencies and in accordance with paragraph (2).

(2) OTHER DATABASES.—In making designations of other databases under paragraph (1)(B), the Director of the Office of Management and Budget shall—

(A) consider any database that substantially assists in preventing improper payments; and

(B) provide public notice and an opportunity for comment before designating a database under paragraph (1)(B).

(3) ACCESS AND REVIEW [BY AGENCIES].—For purposes of identifying and preventing improper payments, each agency shall have access to, and use of, the Do Not Pay Initiative to verify payment or award eligibility in accordance with subsection (a) when the Director of the Office of Management and Budget determines the Do Not Pay Initiative is appropriately established for the agency. *States and any contractor, subcontractor, or agent of a State, and the judicial and legislative branches of the United States (as defined in paragraphs (2) and (3), respectively, of section 202(e) of title 18, United States Code), shall have access to, and use of, the Do Not Pay Initiative for the purpose of verifying payment or award eligibility for payments (as defined in section 2(g)(3) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note)) when, with respect to a State, the Director of the Office of Management and Budget determines that the Do Not Pay Initiative is appropriately established for that State and any contractor, subcontractor, or agent of the State, and, with respect to the judicial and legislative branches of the United States, when the Director of the Office of Management and Budget determines that the Do Not Pay Initiative is appropriately established for the judicial branch or the legislative branch, as applicable. To ensure consistency with the principles of section 552a of title 5, United States Code (commonly known as the Privacy Act of 1974) the Director of the Office of Management and Budget may issue guidance that establishes privacy and other requirements that shall be incorporated into Do Not Pay Initiative access agreements with States, including any contractor, subcontractor, or agent of a State, and the judicial and legislative branches of the United States.*

(4) PAYMENT OTHERWISE REQUIRED.—When using the Do Not Pay Initiative, an agency shall recognize that there may be circumstances under which the law requires a payment or award to be made to a recipient, regardless of whether that recipient is identified as potentially ineligible under the Do Not Pay Initiative.

(5) ANNUAL REPORT.—The Director of the Office of Management and Budget shall submit to Congress an annual report, which may be included as part of another report submitted to

Congress by the Director, regarding the operation of the Do Not Pay Initiative, which shall—

(A) include an evaluation of whether the Do Not Pay Initiative has reduced improper payments or improper awards; and

(B) provide the frequency of corrections or identification of incorrect information.

(c) DATABASE INTEGRATION PLAN.—Not later than 60 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall provide to the Congress a plan for—

(1) inclusion of other databases on the Do Not Pay Initiative;

(2) to the extent permitted by law, agency access to the Do Not Pay Initiative; and

(3) the data use agreements described under subsection (e)(2)(D).

(d) INITIAL WORKING SYSTEM.—

(1) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall establish a working system for prepayment and preaward review that includes the Do Not Pay Initiative as described under this section.

(2) WORKING SYSTEM.—The working system established under paragraph (1)—

(A) may be located within an appropriate agency;

(B) shall include not less than 3 agencies as users of the system; [and]

(C) shall include investigation activities for fraud and systemic improper payments detection through analytic technologies and other techniques, which may include commercial database use or access[.]*; and*

(D) may include States and their quasi-government entities, and the judicial and legislative branches of the United States (as defined in paragraphs (2) and (3), respectively, of section 202(e) of title 18, United States Code) as users of the system in accordance with subsection (b)(3).

(3) APPLICATION TO ALL AGENCIES.—Not later than June 1, 2013, each agency shall review all payments and awards for all programs of that agency through the system established under this subsection.

(e) FACILITATING DATA ACCESS BY FEDERAL AGENCIES AND OFFICES OF INSPECTORS GENERAL FOR PURPOSES OF PROGRAM INTEGRITY.—

(1) DEFINITION.—In this subsection, the term "Inspector General" means any Inspector General described in subparagraph (A), (B), or (I) of section 11(b)(1) of the Inspector General Act of 1978 (5 U.S.C. App.) and any successor Inspector General.

(2) COMPUTER MATCHING BY FEDERAL AGENCIES FOR PURPOSES OF INVESTIGATION AND PREVENTION OF IMPROPER PAYMENTS AND FRAUD.—

(A) IN GENERAL.—Except as provided in this paragraph, in accordance with section 552a of title 5, United States Code (commonly known as the Privacy Act of 1974), each Inspector General and the head of each agency may enter into computer matching agreements with other inspectors general and agency heads that allow ongoing data match-

ing (which shall include automated data matching) in order to assist in the detection and prevention of improper payments.

(B) REVIEW.—Not later than 60 days after a proposal for an agreement under subparagraph (A) has been presented to a Data Integrity Board established under section 552a(u) of title 5, United States Code, for consideration, the Data Integrity Board shall respond to the proposal.

(C) TERMINATION DATE.—An agreement under subparagraph (A)—

(i) shall have a termination date of less than 3 years; and

(ii) during the 3-month period ending on the date on which the agreement is scheduled to terminate, may be renewed by the agencies entering the agreement for not more than 3 years.

(D) MULTIPLE AGENCIES.—For purposes of this paragraph, section 552a(o)(1) of title 5, United States Code, shall be applied by substituting "between the source agency and the recipient agency or non-Federal agency or an agreement governing multiple agencies" for "between the source agency and the recipient agency or non-Federal agency" in the matter preceding subparagraph (A).

(E) COST-BENEFIT ANALYSIS.—A justification under section 552a(o)(1)(B) of title 5, United States Code, relating to an agreement under subparagraph (A) is not required to contain a specific estimate of any savings under the computer matching agreement.

(3) GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.—Not later than 6 months after the date of enactment of this Act, and in consultation with the Council of the Inspectors General on Integrity and Efficiency, the Secretary of Health and Human Services, the Commissioner of Social Security, and the head of any other relevant agency, the Director of the Office of Management and Budget shall—

(A) issue guidance for agencies regarding implementing this subsection, which shall include standards for—

(i) reimbursement of costs, when necessary, between agencies;

(ii) retention and timely destruction of records in accordance with section 552a(o)(1)(F) of title 5, United States Code; and

(iii) prohibiting duplication and redisclosure of records in accordance with section 552a(o)(1)(H) of title 5, United States Code;

(B) review the procedures of the Data Integrity Boards established under section 552a(u) of title 5, United States Code, and develop new guidance for the Data Integrity Boards to—

(i) improve the effectiveness and responsiveness of the Data Integrity Boards;

(ii) ensure privacy protections in accordance with section 552a of title 5, United States Code (commonly known as the Privacy Act of 1974); and

(iii) establish standard matching agreements for use when appropriate; and

(C) establish and clarify rules regarding what constitutes making an agreement entered under paragraph (2)(A) available upon request to the public for purposes of section 552a(o)(2)(A)(ii) of title 5, United States Code, which shall include requiring publication of the agreement on a public website.

(4) CORRECTIONS.—The Director of the Office of Management and Budget shall establish procedures providing for the correction of data in order to ensure—

(A) compliance with section 552a(p) of title 5, United States Code; and

(B) that corrections are made in any Do Not Pay Initiative database and in any relevant source databases designated by the Director of the Office of Management and Budget under subsection (b)(1).

(5) COMPLIANCE.—The head of each agency, in consultation with the Inspector General of the agency, shall ensure that any information provided to an individual or entity under this subsection is provided in accordance with protocols established under this subsection.

(6) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the rights of an individual under section 552a(p) of title 5, United States Code.

(f) DEVELOPMENT AND ACCESS TO A DATABASE OF INCARCERATED INDIVIDUALS.—Not later than 1 year after the date of enactment of this Act, the Attorney General shall submit to Congress recommendations for increasing the use of, access to, and the technical feasibility of using data on the Federal, State, and local conviction and incarceration status of individuals for purposes of identifying and preventing improper payments by Federal agencies and programs and fraud.

(g) PLAN TO CURB FEDERAL IMPROPER PAYMENTS TO DECEASED INDIVIDUALS BY IMPROVING THE QUALITY AND USE BY FEDERAL AGENCIES OF THE SOCIAL SECURITY ADMINISTRATION DEATH MASTER FILE.—

(1) ESTABLISHMENT.—In conjunction with the Commissioner of Social Security and in consultation with relevant stakeholders that have an interest in or responsibility for providing the data, and the States, the Director of the Office of Management and Budget shall establish a plan for improving the quality, accuracy, and timeliness of death data maintained by the Social Security Administration, including death information reported to the Commissioner under section 205(r) of the Social Security Act (42 U.S.C. 405(r)).

(2) ADDITIONAL ACTIONS UNDER PLAN.—The plan established under this subsection shall include recommended actions by agencies to—

(A) increase the quality and frequency of access to the Death Master File and other death data;

(B) achieve a goal of at least daily access as appropriate;

(C) provide for all States and other data providers to use improved and electronic means for providing data;

(D) identify improved methods by agencies for determining ineligible payments due to the death of a recipient through proactive verification means; and

(E) address improper payments made by agencies to deceased individuals as part of Federal retirement programs.

(3) REPORT.—Not later than 120 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit a report to Congress on the plan established under this subsection, including recommended legislation.

(h) REPORT ON IMPROPER PAYMENTS DATA ANALYSIS.—Not later than 180 days after the date of enactment of the Federal Improper Payments Coordination Act of 2015, the Secretary of the Treasury shall submit to Congress a report which shall include a description of—

(1) data analytics performed as part of the Do Not Pay Business Center operated by the Department of the Treasury for the purpose of detecting, preventing, and recovering improper payments through preaward, postaward prepayment, and postpayment analysis, which shall include a description of any analysis or investigations incorporating—

(A) review and data matching of payments and beneficiary enrollment lists of State programs carried out using Federal funds for the purposes of identifying eligibility duplication, residency ineligibility, duplicate payments, or other potential improper payment issues;

(B) review of multiple Federal agencies and programs for which comparison of data could show payment duplication; and

(C) review of other information the Secretary of the Treasury determines could prove effective for identifying, preventing, or recovering improper payments, which may include investigation or review of information from multiple Federal agencies or programs;

(2) the metrics used in determining whether the analytic and investigatory efforts have reduced, or contributed to the reduction of, improper payments or improper awards; and

(3) the target dates for implementing the data analytics operations performed as part of the Do Not Pay Business Center

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SEC. 7. IMPROVING THE USE OF DATA BY GOVERNMENT AGENCIES FOR CURBING IMPROPER PAYMENTS.

(a) PROMPT REPORTING OF DEATH INFORMATION BY THE DEPARTMENT OF STATE AND THE DEPARTMENT OF DEFENSE.—Not later than 1 year after the date of enactment of this section, the Secretary of State and the Secretary of Defense shall establish a procedure under which each Secretary shall, promptly and on a regular basis, submit information relating to the deaths of individuals to each agency for which the Director of the Office of Management and Budget determines receiving and using such information would be relevant and necessary.

(b) GUIDANCE TO AGENCIES REGARDING DATA ACCESS AND USE FOR IMPROPER PAYMENTS PURPOSES.—

(1) IN GENERAL.—Not later than 12 months after the date of enactment of this section, the Director of the Office of Management and Budget, in consultation with the Council of the Inspectors General on Integrity and Efficiency, the heads of other relevant Federal, State, and local agencies, and Indian tribes and tribal organizations, as appropriate, shall issue guidance regarding implementation of the Do Not Pay Initiative under section 5 to—

(A) the Department of the Treasury; and

(B) each agency or component of an agency—

(i) that operates or maintains a database of information described in section 5(a)(2); or

(ii) for which the Director determines improved data matching would be relevant, necessary, or beneficial.

(2) REQUIREMENTS.—The guidance issued under paragraph (1) shall—

(A) address the implementation of subsection (a); and

(B) include the establishment of deadlines for access to and use of the databases described in section 5(a)(2) under the Do Not Pay Initiative.

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