

119TH CONGRESS
1ST SESSION

S. 80

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

IN THE SENATE OF THE UNITED STATES

JANUARY 13, 2025

Mr. LANKFORD introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To amend title 31, United States Code, to improve the prevention of improper payments, 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 “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)” each place it appears and
 19 inserting “paragraphs (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 corrective action plans reported under sub-
2 section (d).”.

3 (c) FINANCIAL AND ADMINISTRATIVE CONTROLS RE-
4 LATING TO FRAUD AND IMPROPER PAYMENTS.—Section
5 3357 of title 31, United States Code, is amended by strik-
6 ing subsection (d) and inserting the following:

7 “(d) REPORTS.—

8 “(1) IN GENERAL.—For each fiscal year begin-
9 ning in the first fiscal year after the date of enact-
10 ment of the Safeguarding the Transparency and Ef-
11 ficiency of Payments Act, and in each of the fol-
12 lowing 9 fiscal years, the head of each agency shall
13 submit to Congress, in the report containing the an-
14 nual financial statement of the agency, a report—

15 “(A) on the progress of the agency in—

16 “(i) implementing—

17 “(I) the financial and administra-
18 tive controls required to be established
19 under subsection (c)(1);

20 “(II) the fraud risk principles in
21 the Standards for Internal Control in
22 the Federal Government of the Gov-
23 ernment Accountability Office; and

24 “(III) Circular A–123 of the Of-
25 fice of Management and Budget with

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.

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