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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.**

To establish governmentwide requirements for pre-payment fraud prevention actions, to provide the U.S. Treasury appropriate data resources, to facilitate participation in governmentwide anti-fraud data sharing, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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

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**A BILL**

To establish governmentwide requirements for pre-payment fraud prevention actions, to provide the U.S. Treasury appropriate data resources, to facilitate participation in governmentwide anti-fraud data sharing, 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 “Pre-Payment Fraud  
5 Prevention and Treasury Data Access Act”.

1 **SEC. 2. PRE-PAYMENT FRAUD PREVENTION REQUIRE-**  
2 **MENTS FOR AGENCIES.**

3 (a) ESTABLISHMENT OF PRE-PAYMENT AGENCY RE-  
4 SPONSIBILITIES.—

5 (1) AMENDMENT.—Chapter 33 of title 31,  
6 United States Code, is amended by inserting after  
7 section 3325 the following:

8 **“§ 3325a. Agency duties for fraud and improper pay-**  
9 **ment prevention before the issuance of a**  
10 **payment voucher request**

11 “(a) MANDATORY ACTIONS BEFORE ISSUING A PAY-  
12 MENT VOUCHER.—The head of an agency, or an officer  
13 or employee described in section 3325(a)(1)(B), may not  
14 certify a voucher under section 3325 until the following  
15 requirements are met:

16 “(1) Each pre-certification requirement de-  
17 scribed in subsection (b) for such payment request.

18 “(2) Confirmation is provided that the payment  
19 complies with any disbursement requirement and in-  
20 struction, including any pre-certification require-  
21 ment, published by the Secretary of the Treasury.

22 “(3) Confirmation is provided that any other  
23 appropriate payment, account, and payee validation  
24 program or service that the Secretary of the Treas-  
25 ury, in consultation with the Director, requires to re-  
26 duce fraud and an improper payment resulting in fi-

1       nancial loss to the Government, including any agen-  
2       cy evaluation of the fraud-risk indicator of a pro-  
3       gram required under section 3352 and agency proce-  
4       dures required under section 3554(b)(1), have been  
5       conducted, in accordance with necessary exceptions  
6       for statutory, policy, or operational reasons.

7       “(b) PAYMENT VERIFICATION PRE-CERTIFICATION  
8       REQUIREMENTS.—Not later than 180 days after the date  
9       of the enactment of this section, and as needed thereafter,  
10      the Secretary of the Treasury shall, in consultation with  
11      the Director of the Office of Management and Budget,  
12      issue regulations, and guidance as necessary, for the pre-  
13      certification requirements of this section, for vouchers cer-  
14      tified under section 3325, including any deadline for pre-  
15      certification information and related records to be sub-  
16      mitted to the requisite Treasury official and disbursing of-  
17      ficial under subchapter IV of this chapter, before the date  
18      of disbursement in order to allow for sufficient time to  
19      meet the requirements of this section, including the fol-  
20      lowing:

21               “(1) Funds are available at the time the obliga-  
22               tion is incurred and if an obligation is incurred when  
23               funds are not available, then the agency may not  
24               certify the payment voucher.

1           “(2) The amount of the payment and the name  
2 of the payee on the payment voucher are correct, in  
3 conformance with the prescribed standard format.

4           “(3) A valid social security number, taxpayer  
5 identification number, employer identification num-  
6 ber, individual taxpayer identification number, or  
7 payee ID number is provided for each payee on the  
8 voucher, if applicable.

9           “(4) The appropriation or fund from which the  
10 payment will be made is available for the purpose  
11 described in the voucher and indicated with the ap-  
12 propriate Treasury Account Symbol or Business  
13 Event Type Code.

14           “(5) A payee is not deceased, if the payment  
15 would be improperly made to a deceased payee.

16           “(6) The account number, if any, provided on  
17 the payment voucher is held at a financial institu-  
18 tion and is open, valid, and belongs to the payee or  
19 a valid designee of the payee.

20           “(7) Any other identifier in conformance with  
21 the payment verification pre-certification require-  
22 ments established by the Secretary of the Treasury,  
23 which may include the Procurement Instrument  
24 Identified and the Federal Award Identification  
25 Number.



1 (b) AMENDMENT TO RESPONSIBILITIES OF AGENCY  
2 CERTIFYING OFFICIAL FOR PAYMENT VOUCHERS.—Sec-  
3 tion 3528(a) of title 31, United States Code, is amended—

4 (1) in paragraph (2), by inserting after “of this  
5 title” the following: “, including pre-certification re-  
6 quirement described in section 3325a”;

7 (2) by redesignating paragraphs (4) and (5) as  
8 paragraphs (5) and (6), respectively; and

9 (3) by inserting after paragraph (3) the fol-  
10 lowing:

11 “(4) Ensuring that—

12 “(A) the agency has complied with the re-  
13 quirements of section 3325a and subchapter IV  
14 of this title; and

15 “(B) a covered recipient is in compliance  
16 with the reporting requirements under section  
17 6107.”.

18 (c) PREPAYMENT REQUIREMENTS OF PAYMENT DIS-  
19 BURSING OFFICIALS.—Section 3325 of title 31, United  
20 States Code, is amended—

21 (1) in subsection (d) by striking “taxpayer iden-  
22 tifying number of each person” and inserting “infor-  
23 mation required to be submitted under section  
24 3325a(b) of each payee”; and

25 (2) by adding at the end the following:

1 “(e)(1) Before certifying a voucher to a disbursing  
2 official, the head of an agency or an officer or employee  
3 of an agency described in subparagraph (A) or (B) of sub-  
4 section (a)(1), as applicable, shall take necessary actions  
5 to accurately disburse payments to the recipients of those  
6 payments, including by—

7 “(A) verifying the accuracy of the bank ac-  
8 count information to which a payment is to be  
9 disbursed, to the extent practicable; and

10 “(B) comparing the bank account informa-  
11 tion of the proposed recipient to other payment  
12 records available to the agency, to the extent  
13 practicable.

14 “(2) The Secretary of the Treasury shall issue  
15 guidance to carry out this subsection, which may be  
16 carried out through any guidance issued for section  
17 3325a(b).”.

18 (d) REQUIREMENTS AND AUTHORITIES OF PAYMENT  
19 DISBURSING OFFICIALS.—Paragraph (3) of section  
20 3325(a) of title 31, United States Code, is amended—

21 (1) by inserting “, compliance with an order to  
22 pause a payment pursuant to section 3337(b),” after  
23 “except for the correctness of computations on a  
24 voucher”; and

25 (2) by striking “,” and inserting a comma.

1 (e) ADDITION OF FRAUD PREVENTION INDICATORS  
2 TO AGENCY IMPROPER PAYMENT RISK ASSESSMENTS.—

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

5 (A) in paragraph (3)—

6 (i) in the heading, by striking “INI-  
7 TIATIVE” and inserting “SYSTEM”;

8 (ii) by striking “Initiative” and insert-  
9 ing “System”; and

10 (iii) by striking “initiative” and in-  
11 sserting “system”; and

12 (B) by adding the following in the appro-  
13 priate alphabetical order and redesignating the  
14 paragraphs accordingly:

15 “(9) APPROPRIATE AUTHORIZING AND APPRO-  
16 PRIATIONS COMMITTEES OF CONGRESS.—The term  
17 ‘appropriate authorizing and appropriations commit-  
18 tees of Congress’ means the following:

19 “(A) The Committees on Appropriations of  
20 the Senate and the House of Representatives.

21 “(B) The Committee on Homeland Secu-  
22 rity and Governmental Affairs of the Senate.

23 “(C) The Committee on Oversight and  
24 Government Reform of the House of Represent-  
25 atives.

1           “(D) The Budget Committee of the House  
2           of Representatives and the Committee on the  
3           Budget of the Senate.

4           “(D) Any other relevant congressional  
5           committee of jurisdiction.

6           “(10) DIRECTOR.—The term ‘Director’ means  
7           the Director of the Office of Management and Budg-  
8           et.

9           “(11) FRAUD-RISK INDICATOR.—The term  
10          ‘fraud-risk indicator’ means an objective data point  
11          or analytic signal that indicates an anomalous pay-  
12          ment pattern or increase in the volume of a payment  
13          amount, a verified data mismatch, network or behav-  
14          ioral anomaly, or match identified by the Do Not  
15          Pay system and any other payment, account, and  
16          payee validation program or service provided by the  
17          Department of the Treasury that would result in fi-  
18          nancial loss to the Government.”.

19          (2) AMENDMENT.—Section 3352(a)(1) of title  
20          31, United States Code, is amended—

21                 (A) in subparagraph (A), by striking “;  
22                 and” and inserting a semicolon;

23                 (B) in subparagraph (B), by striking the  
24                 period at the end and inserting “; and”; and

25                 (C) by adding at the end the following:

1                   “(C) design and apply fraud-risk indicators  
2                   to the programs identified under paragraph  
3                   (A).”.

4 **SEC. 3. TREASURY DO NOT PAY SYSTEM.**

5           (a) AMENDMENT.—Section 3354 of title 31, United  
6 States Code, is amended—

7                   (1) in the heading, by striking “**Initiative**”  
8                   and inserting “**System**”;

9                   (2) in subsection (a)—

10                   (A) by amending paragraph (1) to read as  
11                   follows:

12                   “(1) IN GENERAL.—The head of each executive  
13                   agency shall establish and maintain appropriate  
14                   preaward and prepayment procedures to prevent and  
15                   recover improper payments, including payments re-  
16                   sulting in financial loss to the Government, and to  
17                   prevent financial fraud. Such procedures shall in-  
18                   clude, at a minimum—

19                   “(A) screening all persons or entities that  
20                   receive, or seek to receive, Federal awards or  
21                   payments against all appropriate Do Not Pay  
22                   system data assets, including data assets de-  
23                   scribed in paragraph (2)(a), and risk tools be-  
24                   fore an award is made or a payment request is

1 submitted to the disbursing officer in accord-  
2 ance with section 3325a; and

3 “(B) a periodic review of available data as-  
4 sets and notification to the Secretary of any  
5 data asset that the agency requires access to,  
6 either directly or through the Do Not Pay sys-  
7 tem.”;

8 (B) in paragraph (2)—

9 (i) by striking “At a minimum and  
10 before issuing any payment or award, each  
11 executive agency shall review as appro-  
12 priate the following databases to verify eli-  
13 gibility of the payment and award:” and  
14 inserting the following: “Notwithstanding  
15 any other provision of law, including the  
16 Internal Revenue Code of 1986, the Social  
17 Security Act, and the Personal Responsi-  
18 bility and Work Opportunity Reconciliation  
19 Act, the Secretary shall have access to the  
20 following data assets and incorporate them  
21 in the Do Not Pay system, without the  
22 need to pursue designation under para-  
23 graph (3), for the sole purposes of im-  
24 proper payment prevention and detec-  
25 tion.”; and

1 (ii) by adding at the end the fol-  
2 lowing:

3 “(G) The National Directory of New Hires  
4 pursuant to section 453(j) of the Social Secu-  
5 rity Act (42 U.S.C. 653(j)).

6 “(H) Information made available to such  
7 head pursuant to a request made under section  
8 6103(i)(9)(A) of the Internal Revenue Code of  
9 1986.

10 “(I) Information made available to the  
11 Secretary of Treasury by the Commissioner of  
12 Social Security pursuant to section 235 of the  
13 Social Security Act.”.

14 (C) by adding at the end the following:

15 “(3) ADDITIONAL DATA ASSETS.—

16 “(A) DESIGNATION.—The Secretary may  
17 designate additional categories of data assets  
18 for inclusion in the Do Not Pay system to ad-  
19 dress risks of fraud and improper payments.

20 “(B) PRIVACY AND NOTICE.—In desig-  
21 nating data assets that include personally iden-  
22 tifiable information, law enforcement sensitive  
23 information, or information subject to section  
24 552a of title 5, the Secretary shall—

1           “(i) act in coordination with the Di-  
2           rector of the Office of Management and  
3           Budget; and

4           “(ii) provide public notice and an op-  
5           portunity for comment for not less than 30  
6           days prior to designation.

7           “(C) DATABASE INCLUSION.—Following  
8           designation of a category of data assets under  
9           subparagraph (A), the Secretary shall provide  
10          public notice and an opportunity for comment  
11          for not less than 30 days before adding any  
12          specific data asset within such category.

13          “(D) NON-SENSITIVE DATA.—Data assets  
14          that do not include personally identifiable or  
15          law enforcement sensitive information may be  
16          added at the discretion of the Secretary without  
17          designation if a list of such data sets is dis-  
18          closed to the public on a public website main-  
19          tained by the Department of the Treasury.

20          “(4) TREATMENT OF DATA MATCHING FOR  
21          PURPOSES OF AGENCY USE OF DO NOT PAY SYS-  
22          TEM.—For purposes of section 552a of title 5, or  
23          any other provision of law, a computerized compari-  
24          son of two or more automated Federal systems of  
25          records, or a computerized comparison of a Federal

1 system of records with other records or non-Federal  
2 records, carried out by the Secretary to verify pay-  
3 ments or identify or recover improper payments  
4 under this section shall not be considered a match-  
5 ing program.

6 “(5) LIMITATION ON USE.—Information ob-  
7 tained through the Do Not Pay system may be used  
8 solely for the purposes described in paragraph (1),  
9 or for Federal or State law enforcement or investiga-  
10 tive purposes. Any officer, employee, contractor, sub-  
11 contractor, or agent of a Federal or State entity  
12 may not publish, examine for a purpose not explic-  
13 itly authorized under this section, or communicate  
14 such information furnished in such data assets other  
15 than in fulfillment of the purposes of this section.

16 “(6) PENALTY FOR UNLAWFUL DISCLOSURE.—  
17 Any person described in paragraph (5) who know-  
18 ingly and willfully discloses information in violation  
19 of that paragraph shall be fined not more than  
20 \$5,000, imprisoned not more than 5 years, or both.

21 “(7) EXCEPTION WHEN PAYMENT OTHERWISE  
22 REQUIRED UNDER LAW.—The head of an executive  
23 agency may be exempt from the requirements of  
24 paragraph (1) if a Federal statute expressly requires  
25 that a payment or award be made notwithstanding

1 potential ineligibility, and the agency head notifies  
2 the Secretary of the Treasury and the Director of  
3 the Office of Management and Budget prior to cer-  
4 tification of the payment under section 3325.

5 “(8) DEFINITION.—In this section, the term  
6 ‘data asset’ has the meaning given that term in sec-  
7 tion 3502(17) of title 44.”; and

8 (3) by striking subsections (b) through (e) and  
9 inserting the following:

10 “(b) ESTABLISHMENT OF SYSTEM.—The Sec-  
11 retary of the Treasury shall establish and maintain a Do  
12 Not Pay system, which shall be administered and operated  
13 by the Fiscal Service of the Department of the Treasury.  
14 The Do Not Pay system shall include—

15 “(1) the data assets described in subsection  
16 (a)(2); and

17 “(2) such other data assets as the Secretary of  
18 the Treasury may designate, in consultation with the  
19 Director of the Office of Management and Budget,  
20 to assist agencies in carrying out subsection (a)(1).

21 “(c) STATE AND OTHER GOVERNMENTAL USE.—

22 “(1) IN GENERAL.—Each State and local gov-  
23 ernment administering a federally funded program,  
24 and any contractor, subcontractor, or agent thereof,  
25 including State and local government auditors, shall

1 establish and maintain appropriate preaward and  
2 prepayment procedures to prevent and recover im-  
3 proper payments, including payments resulting in fi-  
4 nancial loss to the Government, and to prevent fi-  
5 nancial fraud. Such procedures shall include, at a  
6 minimum—

7 “(A) screening all persons or entities that  
8 receive, or seek to receive, Federal awards or  
9 payments against all appropriate Do Not Pay  
10 system data assets, including data assets de-  
11 scribed in subsection (a)(2), and risk tools be-  
12 fore an award is made or a payment request is  
13 submitted to the disbursing officer; and

14 “(B) periodic review of available data as-  
15 sets and notification to the Secretary of any  
16 data asset that the agency requires access to,  
17 either directly or through the Do Not Pay sys-  
18 tem.

19 “(2) OTHER GOVERNMENTAL USE.—The judi-  
20 cial and legislative branches of the United States (as  
21 defined in section 202(e) of title 18) shall have ac-  
22 cess to the Do Not Pay system for purposes of  
23 verifying eligibility for payments and preventing  
24 fraud and improper payments.

1           “(3) PRIVACY REQUIREMENTS.—The Secretary,  
2           in consultation with the Director of the Office of  
3           Management and Budget, shall issue guidance estab-  
4           lishing privacy and other requirements applicable to  
5           such access, consistent with section 552a of title 5.

6           “(d) ANNUAL REPORT.—The Secretary shall submit  
7           to the appropriate authorizing and appropriations commit-  
8           tees of Congress an annual report on the operation of the  
9           Do Not Pay system, which may be included as part of  
10          another report submitted to Congress by the Secretary,  
11          and which shall include the following:

12           “(1) An evaluation of the effectiveness of the  
13           system in reducing improper payments.

14           “(2) Information on the frequency of correc-  
15           tions and identification of erroneous data.

16           “(3) Recommendations for legislative or admin-  
17           istrative action to enhance the operations of the sys-  
18           tem.

19           “(4) An assessment of agency compliance with  
20           the requirements of this section, including a listing  
21           of all memorandums established with the head of an  
22           agency under subsection (a)(4) that documents  
23           agency use of the Do Not Pay system.

24           “(e) CONTINUITY AND TRANSITION.—

1           “(1) CONTINUATION OF PREVIOUS SYSTEM IF  
2           NECESSARY.—The Do Not Pay initiative in effect on  
3           the day before the date of the enactment of this sec-  
4           tion shall continue as necessary to support imple-  
5           mentation of the Do Not Pay system.

6           “(2) GUIDANCE, RULES, AND PROCEDURES.—  
7           Guidance, rules, and procedures in effect before the  
8           date of the enactment of this section shall remain in  
9           effect until modified by the Secretary or the Director  
10          of the Office of Management and Budget.

11          “(3) RULES OF CONSTRUCTION.—Nothing in  
12          this subsection may be construed—

13                 “(A) except as specifically provided in sub-  
14                 section (a)(4), to modify or supersede the re-  
15                 quirements of section 552a of title 5, including  
16                 the requirements for notice in section  
17                 552a(e)(12) and for due process rights of an in-  
18                 dividual under section 552a(p); or

19                 “(B) to limit any authority of an Inspector  
20                 General under applicable law.”.

21          (b) TECHNICAL AND CONFORMING AMENDMENT.—  
22          The item relating to section 3354 in the table of sections  
23          for chapter 33 of title 31, United States Code, is amended,  
24          by striking “Initiative” and inserting “Program”.

1 **SEC. 4. SINGLE REPORT ON FIRST TIME USE OF FUNDS BY**  
2 **RECIPIENT.**

3 (a) ESTABLISHMENT OF POST-AWARD SINGLE RE-  
4 PORT REQUIREMENT ON FIRST-TIME USE OF FUNDS BY  
5 RECIPIENT OF FEDERAL AWARD.—Chapter 61 of title 31,  
6 United States Code, is amended by adding at the end the  
7 following:

8 **“SEC. 6107. SINGLE REPORT ON FIRST TIME USE OF FUNDS**  
9 **BY RECIPIENT.**

10 “(a) FEDERAL AWARD REPORTING REQUIRE-  
11 MENT.—The head of each agency that administers a cov-  
12 ered award shall require each covered recipient to, as a  
13 condition of receiving amounts under such award, submit  
14 to the head of the agency, not later than 180 days after  
15 the receipt of such award unless a deadline exception may  
16 be applied pursuant to pursuant to regulations promul-  
17 gated under subsection (b), a one-time report on the use  
18 of such amounts that—

19 “(1) includes any content required to be in-  
20 cluded in such report pursuant to subsection (b);  
21 and

22 “(2) is in the format required under such sub-  
23 section.

24 “(b) GOVERNMENTWIDE REPORT REGULATIONS AND  
25 GUIDANCE.—

26 “(1) CONTENTS AND FORMAT OF REPORT.—

1           “(A) PROMULGATION.—Not later than 1  
2           year after the date of the enactment of this sec-  
3           tion, the Director, in coordination with the Sec-  
4           retary of the Treasury and the standard-setting  
5           agency designated under section 6402(a)(1),  
6           shall promulgate regulations, and any clarifying  
7           guidance as may be necessary, to establish gov-  
8           ernmentwide requirements for the content and  
9           format of the report described under subsection  
10          (a).

11          “(B) UPDATES.—Any guidance or regula-  
12          tion promulgated under subparagraph (A) shall  
13          be updated as necessary, but in any case, shall  
14          be updated not less often than once every 5  
15          years.

16          “(2) REPORT MINIMUM REQUIREMENTS.—The  
17          regulations and any clarifying guidance promulgated  
18          under paragraph (1), shall at a minimum—

19                 “(A) enable the head of an awarding agen-  
20                 cy to determine whether amounts provided  
21                 under a covered award are being used by the  
22                 recipient required to submit the report, and any  
23                 sub-recipient or sub-grantee thereof, for the in-  
24                 tended purpose of the program, as set forth in

1 statute, regulation, or policies and procedures  
2 of the agency;

3 “(B) enable fraud prevention, detection, in-  
4 vestigation, and mitigation, in future awards of  
5 Federal funds to the recipient required to sub-  
6 mit the report by identifying relevant fraud-risk  
7 indicators that would require a referral for in-  
8 vestigation and criminal referral to the appro-  
9 priate entity of the Federal Government, includ-  
10 ing any identified effort by a recipient to de-  
11 fraud the Federal Government or violate sec-  
12 tions 3729 through 3731 of title 31, United  
13 States Code (commonly referred to as the  
14 ‘False Claims Act’);

15 “(C) ensure that any sub-recipient or sub-  
16 grantee, at any level, of the recipient required  
17 to submit the report provide to such recipient  
18 such information as may be necessary to enable  
19 aggregate reporting on the covered award by  
20 the recipient;

21 “(D) require the heads of agencies to apply  
22 the governmentwide data standards established  
23 under chapter 64 with respect to the format  
24 and content of the report required to be sub-  
25 mitted;

1           “(E) align with the Federal award report-  
2           ing requirements and data standards under the  
3           Federal Funding Accountability and Trans-  
4           parency Act of 2006 (Public Law 109–282; 31  
5           U.S.C. 6101 note), to the maximum extent  
6           practicable;

7           “(F) reduce recipient and agency reporting  
8           burdens by avoiding duplication in recipient re-  
9           porting obligations, to the extent practicable;  
10          and

11          “(G) provide clarification for agencies to  
12          apply a reporting deadline exception under sub-  
13          section (a)(1), which may be made for an entire  
14          program or type of covered award, beyond 180  
15          days when the use of the covered funds by the  
16          covered recipient takes place more than 180  
17          days after a receipt of such covered award.

18          “(c) AGENCY REQUIREMENTS.—In accordance with  
19          the regulations and any clarifying guidance promulgated  
20          under subsection (b), the head of an agency that admin-  
21          isters a covered award shall—

22                 “(1) update the terms and conditions of Fed-  
23                 eral awards in the agency programs to implement  
24                 subsection (a) for covered recipients;

1           “(2) include a summary of the post-award re-  
2           porting requirements established under subsection  
3           (a), including the required content and reporting  
4           format, in the Notice of Funding Opportunity  
5           (which has the meaning given the term in section  
6           200.1 of title 2, Code of Federal Regulations) for  
7           Federal financial assistance (as defined under sec-  
8           tion 7501 of this title) in order to assist applicants  
9           for such assistance in understanding post-award re-  
10          porting obligations;

11          “(3) to the maximum extent practicable—

12                 “(A) provide user-friendly and plain lan-  
13                 guage directives for covered recipients to fulfill  
14                 their reporting obligation under subsection (a);  
15                 and

16                 “(B) use existing post-award reporting re-  
17                 quirements to reduce the burden of cumulative  
18                 post-award reporting; and

19          “(4) establish procedures within the agency to  
20          identify covered recipients that are not in compliance  
21          with the reporting requirement under subsection (a).

22          “(d) NONCOMPLIANCE.—For a case in which a cov-  
23          ered recipient does not submit the report required by sub-  
24          section (a), the awarding agency shall—

1           “(1) provide a timely written notice of non-  
2 compliance to the recipient that—

3           “(A) clearly states the reason for non-  
4 compliance;

5           “(B) notifies the recipient of the obligation  
6 of the agency to cease further disbursements to  
7 the entity until the covered recipient is in com-  
8 pliance; and

9           “(C) provides clear instructions to the cov-  
10 ered recipient on how to come back into compli-  
11 ance; and

12           “(2) prevent a payment voucher from being  
13 issued under section 3325 for a payment to such re-  
14 cipient, for any program funds, until such report is  
15 submitted.

16           “(e) AVAILABILITY OF REPORT.—Each report sub-  
17 mitted under subsection (a) shall be—

18           “(1) kept on file by the agency for a period of  
19 not less than 5 years after the date on the conclu-  
20 sion of the duration of the award; and

21           “(2) made available upon request to—

22           “(A) the Director;

23           “(B) the Secretary of the Treasury;

24           “(C) the Attorney General;

1           “(D) the Inspector General of the agency  
2           concerned; and

3           “(E) the appropriate congressional com-  
4           mittees.

5           “(f) USE OF INFORMATION INCLUDED IN REPORT.—  
6 Information included in the report required by subsection  
7 (a) shall be used by the agency in support of improper  
8 payment activities of the agency under section 3352 as  
9 appropriate and applicable.

10          “(g) DEFINITIONS.—In this section:

11           “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
12           TEES.—The term ‘appropriate congressional com-  
13           mittees’ means—

14           “(A) the Committees on Appropriations of  
15           the Senate and the House of Representatives;

16           “(B) the Committee on Homeland Security  
17           and Governmental Affairs of the Senate;

18           “(C) the Committee on Oversight and Gov-  
19           ernment Reform of the House of Representa-  
20           tives; and

21           “(D) any other relevant congressional com-  
22           mittee of jurisdiction.

23           “(2) COVERED AWARD.—The term ‘covered  
24           award’ means a Federal award (as defined under

1 section 7501) in an amount not less than \$50,000  
2 (based on fiscal year 2027 constant dollars).

3 “(3) COVERED RECIPIENT.—The term ‘covered  
4 recipient’ means any entity, including any State, the  
5 District of Columbia, and any territory or possession  
6 of the United States, including a pass-through entity  
7 (as defined under section 7501), that receives the  
8 covered award from a particular agency program for  
9 the first time in that program’s existence.

10 “(4) FRAUD-RISK INDICATOR.—The term  
11 ‘fraud-risk indicator’ means an objective data point  
12 or analytic signal that indicates an anomalous pay-  
13 ment pattern or increase in the volume of a payment  
14 amount, a verified data mismatch, network or behav-  
15 ioral anomaly, or match identified by the Do Not  
16 Pay system and any other payment, account, and  
17 payee validation program or service provided by the  
18 Department of the Treasury that would result in fi-  
19 nancial loss to the government.”.

20 (b) CLARIFICATION OF APPLICATION OF FIRST RE-  
21 PORTING DEADLINE.—The report required under sub-  
22 section (a) of section 6107 of title 31, United States Code,  
23 as added by subsection (a), shall apply to a covered award  
24 made during the fiscal year following the promulgation of

1 regulations or guidance by the Director under subsection  
2 (b)(1)(A) of such section.

3 **SEC. 5. U.S. TREASURY DATA ACCESS FOR PURPOSES OF**  
4 **PROGRAM INTEGRITY.**

5 (a) ACCESS TO THE NATIONAL DIRECTORY OF NEW  
6 HIRES.—Section 453(j) of the Social Security Act (42  
7 U.S.C. 653(j)) is amended by adding at the end the fol-  
8 lowing:

9 “(12) INFORMATION TO ASSIST IN THE PRE-  
10 VENTION OF IMPROPER PAYMENTS.—

11 “(A) IN GENERAL.—The Secretary of the  
12 Treasury shall have access to the information in  
13 the National Directory of New Hires for the  
14 sole purpose of detecting, preventing, and recov-  
15 ering improper payments (as defined under sec-  
16 tion 3351 of title 31, United States Code), in-  
17 cluding for use in the Do Not Pay system es-  
18 tablished under section 3354 of title 31, United  
19 States Code.

20 “(B) DISCLOSURE.—For the sole purpose  
21 of detecting, preventing, and recovering im-  
22 proper payments, the Secretary of the Treasury  
23 may disclose information in the National Direc-  
24 tory of New Hires to—

1                   “(i) agents and contractors of the  
2                   Secretary of the Treasury;

3                   “(ii) Federal and non-Federal individ-  
4                   uals and entities authorized to receive in-  
5                   formation in the National Directory of  
6                   New Hires directly from the Secretary;

7                   “(iii) entities with access to the Do  
8                   Not Pay system; and

9                   “(iv) such additional individuals and  
10                  entities as agreed to by the Secretary and  
11                  the Secretary of the Treasury.”.

12               (b) PRIVACY-PRESERVING VALIDATION OF SELECT  
13 TAX INFORMATION.—

14               (1) IN GENERAL.—Section 6103(i) of the Inter-  
15               nal Revenue Code of 1986 is amended by adding at  
16               the end the following new paragraph:

17               “(9) DISCLOSURE OF CERTAIN RETURN INFOR-  
18               MATION FOR USE IN THE DO NOT PAY WORKING  
19               SYSTEM.—

20               “(A) IN GENERAL.—Upon execution of a  
21               written intra agency agreement between the In-  
22               ternal Revenue Service and the office of the De-  
23               partment of the Treasury that operates the Do  
24               Not Pay system described in section 3354(c) of  
25               title 31, United States Code, the Secretary may

1 disclose to any authorized person described in  
2 subparagraph (B) return information described  
3 in subparagraph (C) with respect to an indi-  
4 vidual taxpayer for the applicable period de-  
5 scribed in subparagraph (D) for the limited  
6 purpose described in subparagraph (E). The  
7 Secretary may further authorize the redisclo-  
8 sure of such return information by an author-  
9 ized person described in subparagraph (B), sub-  
10 ject to such terms, conditions, and safeguards  
11 as the Secretary determines appropriate, to  
12 other authorized persons described in subpara-  
13 graph (B) solely for the limited purpose de-  
14 scribed in subparagraph (E). The Secretary  
15 shall disclose or permit the redisclosure of such  
16 return information only to the extent necessary  
17 and for the purpose of the Do Not Pay system  
18 assisting an authorized person to identify, pre-  
19 vent, and recover improper payments.

20 “(B) AUTHORIZED PERSON.—For pur-  
21 poses of this paragraph, the term ‘authorized  
22 person’ means—

23 “(i) an officer, employee, agent, or  
24 contractor of the Department of Treasury,  
25 whose official duties require access to the

1 Do Not Pay system for the purpose of fa-  
2 cilitating the identification, prevention, or  
3 recovery of improper payments, or

4 “(ii) an officer, employee, or con-  
5 tractor of an entity authorized to access  
6 the Do Not Pay system for the purposes  
7 described in subparagraph (E).

8 “(C) RETURN INFORMATION.—The return  
9 information that may be disclosed under this  
10 paragraph is limited to—

11 “(i) taxpayer identity information,

12 “(ii) filing status,

13 “(iii) adjusted gross income,

14 “(iv) net profit or loss, as reported on  
15 Schedule C of Form 1040 (or successor  
16 form),

17 “(v) bank account and routing infor-  
18 mation,

19 “(vi) if applicable, the fact that there  
20 was no return filed,

21 “(vii) the taxable year with respect to  
22 which the preceding information relates,  
23 and

1                   “(viii) any reported identity theft re-  
2                   lated to the taxpayer identification num-  
3                   ber.

4                   “(D) APPLICABLE PERIOD.—For purposes  
5                   of this paragraph, the term ‘applicable period’  
6                   means, with respect to any individual taxpayer,  
7                   the period—

8                   “(i) consisting of the number of tax-  
9                   able years specified in the agreement en-  
10                  tered under subparagraph (A), except that  
11                  such period shall not be fewer than 3 tax-  
12                  able years, and

13                  “(ii) ending with the most recent tax-  
14                  able year for which the information de-  
15                  scribed in subparagraph (C) is available.

16                  “(E) LIMITATION ON USE OF INFORMA-  
17                  TION.—Information disclosed under this sub-  
18                  paragraph shall be solely for the use of the au-  
19                  thorized persons to whom such information is  
20                  disclosed and solely for the purpose of detect-  
21                  ing, preventing, and recovering improper pay-  
22                  ments.”.

23                  (2) CONFORMING AMENDMENTS.—

24                  (A) Section 6103(a)(3) of the Internal  
25                  Revenue Code of 1986 is amended by inserting

1 “subsection (i)(9),” after “subsection  
2 (e)(1)(D)(iii),”.

3 (B) Section 6103(p)(4) of such Code is  
4 amended—

5 (i) in the matter preceding subpara-  
6 graph (A)—

7 (I) by striking “or (7),” and in-  
8 serting “(7), or (9),”; and

9 (II) by striking “or (7)(A)(ii),”  
10 and inserting “(7)(A)(ii), or (9),”;

11 (ii) in subparagraph (F)(i), by insert-  
12 ing “or (9)” after “(i)(3)(B)(i)”; and

13 (iii) in the matter preceding subclause  
14 (I) of subparagraph (F)(ii), by striking  
15 “(5) or (7),” and inserting “(5), (7), or  
16 (9),”.

17 (C) Section 7213(a)(2) of such Code is  
18 amended by striking “or (7)(A)(ii),” and insert-  
19 ing “(7)(A)(ii), or (9),”.

20 (3) EFFECTIVE DATE.—The amendments made  
21 by this subsection shall apply to any disclosure made  
22 after the effective date of this Act.

23 (c) ACCESS TO SOCIAL SECURITY INFORMATION.—  
24 Title II of the Social Security Act (42 U.S.C. 401 et seq.)  
25 is amended by adding at the end the following new section:

1 **“SEC. 235. DISCLOSURE OF INFORMATION FOR DO NOT PAY**  
2 **SYSTEM.**

3 “(a) The Commissioner of Social Security shall enter  
4 into an agreement with the Secretary of the Treasury (or  
5 his designee) under which—

6 “(1) the Commissioner establishes a reliable, se-  
7 cure method, which compares the name and social  
8 security account number provided in an inquiry  
9 against such information maintained by the Com-  
10 missioner in order to confirm (or not confirm, in-  
11 cluding the reason for the nonconfirmation) the va-  
12 lidity of the information provided;

13 “(2) appropriate safeguards are included to as-  
14 sure that the confirmation (or nonconfirmation) is  
15 used solely for the use of the authorized persons to  
16 whom such information is disclosed and solely for  
17 the purpose of using the Do No Pay system to iden-  
18 tify, prevent, and recover improper payments, and  
19 any redisclosure shall be subject to the provisions of  
20 section 3354 of title 31, United States Code; and

21 “(3) the Secretary shall pay the Commissioner  
22 of Social Security the full costs (including systems  
23 and administrative costs) of providing the confirma-  
24 tion described in paragraph (1).

25 “(b) For purposes of this paragraph the term ‘au-  
26 thorized person’ means—

1           “(1) an officer, employee, contractor, or agent  
2           of the Department of Treasury, whose official duties  
3           require access to the Do Not Pay system, or

4           “(2) an officer, employee, or contractor of an-  
5           other Federal agency, or a State agency that man-  
6           ages Federally funded State-administered programs,  
7           whose official duties require access to the Do Not  
8           Pay system.”.

9   **SEC. 6. EFFECTIVE DATE.**

10          This Act and the amendments made by this Act shall  
11          take effect on the date that is 180 days after the date  
12          of the enactment of this Act.