

For immediate release: Wednesday, July 14, 2010

Contact: Oversight Committee Press Office, (202) 225-5051

House Passes Bipartisan Legislation to Reduce Excess Payments by Federal Agencies

Legislation protects taxpayer dollars, improves oversight and transparency in agency spending

WASHINGTON – The House of Representatives today passed S. 1508, the “Improper Payments Elimination and Recovery Act of 2010” (IPERA) by a vote of 414 to 0. The bill ensures that taxpayer dollars are spent in the most responsible way possible and that if the government overpays for goods or services it has the means to recover those overpayments. S. 1508, which passed the Senate unanimously on June 23, 2010, provides the Federal government with the tools needed to prevent mistakes and overpayments in the first place, and recover funds that are paid in error. The Office of Management and Budget (OMB) recently reported that the Federal government made \$98 billion in overpayments in 2009.

S. 1508 is a companion bill to H.R. 3393, introduced by Rep. Patrick Murphy (D-PA), [which the House passed by voice vote](#) on April 28, 2010.

“This legislation increases transparency in Federal agencies and it is critical to preventing wasteful spending by the Federal government. By providing agencies with the necessary tools to recover erroneous payments and conduct thorough oversight, we can protect taxpayer dollars,” said Chairman Edolphus “Ed” Towns (D-NY).

The House Committee on Oversight and Government Reform first took action on this issue eight years ago with the “Improper Payments Information Act of 2002” that required agencies to assess their financial management and measure the amount of their funding at risk for mismanagement or payment errors. That bill, sponsored by Rep. Todd Platts (R-PA), was an important step in improving the nation’s fiscal management and reducing mistaken payments.

IPERA requires agencies to report to Congress how much money was improperly paid and to whom, how the improper payment occurred, how the agency intends to remedy the issue which

led to the improper payment, how much money has been recovered, and to update Congress on the status of their plan to improve their internal controls. OMB will be required to produce an annual report on government wide improper payments and actions taken to recover those payments.

Furthermore, S. 1508 requires agencies to conduct payment recovery audits on any program that spends more than \$1 million. The audits could be conducted either by the agencies themselves or by private contractors. Five percent of the amounts collected would be provided to the respective Office of Inspectors General; up to 25% of the amounts collected could be used to help the agency carry out financial management improvement programs; up to 25% of the funds collected could be redirected to the specific appropriation or fund from which the improper payment was made; and the remaining funds would go back to the Treasury Department.

President Obama signed the bill into law on July 22, 2010.

###