II

119TH CONGRESS
2D SESSION

S. 4747

To amend title 31, United States Code, to authorize pausing and segmenting payments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 10, 2026

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

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A BILL

To amend title 31, United States Code, to authorize pausing and segmenting payments, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Stopping Fraudulent Payments Act".

SEC. 2. AUTHORITY TO PAUSE PAYMENTS FOR FURTHER REVIEW AND CORRECTIVE ACTION.

(a) TREASURY PAYMENT VOUCHER WAIVER AUTHORITY.—

(1) AMENDMENT.—Subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end the following:

"§ 3337. Authority to pause payments for further review and corrective action

"(a) AGENCY OBLIGATION TO PAUSE DISBURSEMENT REQUESTS FOR CORRECTIVE ACTION.—The head of an agency shall take a corrective action to temporarily delay, condition, or segment a disbursement request before the certification of a payment voucher under section 3325 if, as determined by an official designated by the head of the agency, the agency—

"(1) has sufficient reason to determine that the payment presents an elevated risk of fraud based on a fraud-risk indicator or an improper payment resulting in financial loss to the Government as estimated under the requirements of section 3352 in accordance with the statutorily-defined eligibility requirements or other legally-established condition of the program for a payee to be eligible to receive payment;

"(2) has sufficient reason to determine, based on a notification by the relevant State or local government official in the case of a payment from Federal funds disbursed by a State or local government under a State-administered and federally-funded program, that the payment presents an elevated risk of fraud based on a fraud-risk indicator or an improper payment resulting in financial loss to the Government as estimated under the requirements of section 3352 in accordance with the statutorily-defined eligibility requirements or other legally-established condition of the program for a payee to be eligible to receive payment; or

"(3) has been notified of an order from the Secretary of the Treasury described under subsection (b).

"(b) TREASURY OBLIGATION TO RETURN PAYMENT VOUCHER AND ISSUE CORRECTIVE ACTION ORDER.—Except where otherwise required by law, the Secretary shall promptly notify the relevant certifying official of an order to return a certified payment voucher submitted to a disbursing official under section 3325 and issue a corrective action order to the head of an agency not later than 2 days after the Secretary makes a determination that in accordance with the statutorily-defined eligibility requirements or other legally-established condition of the program for a payee to be eligible to receive payment that such payment presents an elevated risk of fraud based on a fraud-risk indicator or an improper payment resulting in financial loss to the Government based on an output of the Do Not Pay system under section 3354.

"(c) AGENCY DOCUMENTATION AND TIME-LIMITED CORRECTIVE ACTION.—An action taken by the head of an agency under subsection (a) shall—

"(1) be based on an objective, documented fraud-risk indicator;

"(2) be narrowly applied to the portion of the payment presenting the elevated risk; and

"(3) be limited in duration to the minimum period necessary, as determined by the head of the agency, to verify eligibility of the payee or accuracy of the payment per any program requirement associated with the payment or as stipulated under law.

"(d) PAYEE NOTIFICATION AND TIME LIMIT OF PAUSED DISBURSEMENT REQUESTS.—With respect to a disbursement request that has been delayed, conditioned, or segmented pursuant to subsection (a) or a payment voucher that is returned pursuant subsection (b), the head of the agency shall take the following actions:

"(1) Promptly provide to the payee (not later than 2 days after a determination under subsection (a) or a notification to the agency under subsection (b)), as appropriate, and for a case in which the payment from Federal funds disbursed by a State or local government under a State-administered and federally-funded program also provides to such relevant State or local government official, a notification that—

"(A) a disbursement has been temporarily paused, conditioned, or segmented;

"(B) identifies the nature of the fraud-risk indicator or improper payment relied upon by the agency to make the corrective action determination under subsection (a) or notification to the agency under subsection (b); and

"(C) outlines the process for the corrective action review period.

"(2) Use a process tailored to the specific requirements and design of the agency program for a payee, or the State or local government described under paragraph (1), to contest any factual inaccuracy or provide clarifying information during the corrective action review period.

"(3) Issue such payment not later than 30 days after a determination to take a corrective action is made by the head of the agency under subsection (a) or the agency was notified by the Secretary under subsection (b) of a corrective action order, but not later than 7 days after the date on which the payee contests the corrective action under the process established pursuant to paragraph (2), if the head of the agency determines that the payment does not present an elevated risk of fraud or an improper payment resulting in financial loss to the Government.

"(e) SEGMENTATION OF LOW-RISK PAYMENTS.—To the maximum extent practicable, the head of each agency shall allow a routine, historically consistent payment amount to proceed while temporarily holding an anomalous, unusually large, or high-risk portion of a payment, or class of payments, pending review and resolution of an agency corrective action determination under subsection (a) or a corrective action order under subsection (b).

"(f) EXEMPTIONS FOR LAW ENFORCEMENT ACTIVITIES.—The head of an agency, in consultation with the Secretary and the Attorney General, may waive any provision in this section on a case-by-case basis if notified of or instructed by a Federal law enforcement authority, including an agency Inspector General, that the action will jeopardize an active criminal investigation or legal proceeding related to an effort to defraud the Federal Government or violate sections 3729 through 3733 of title 31 (commonly known as the 'False Claims Act').

"(g) LIMITATION OF LIABILITY.—No officer or employee of the Federal Government shall be personally liable for an action taken in good faith under this section. An action taken under this section may not constitute a final determination of eligibility, liability, or wrongdoing on the part of a payee.

"(h) RULE OF CONSTRUCTION FOR PROGRAM AUTHORIZING STATUTE.—Nothing in this section may be construed to supersede any other provision of law with respect to any statute that authorizes the payment or program the payment is made under.

"(i) REGULATIONS.—Not later than 180 days after the date of the enactment of this section, and annually thereafter, the Secretary, in consultation with the Director, shall issue regulations and establish procedures to administer the requirements of this section that shall be published in the Federal Register that, at a minimum, specify the following:

"(1) The minimum seniority of an agency official designated under subsection (a) authorized to make a determination to issue a corrective action.

"(2) The procedures by which the Secretary of the Treasury will use the Do Not Pay system under section 3354 to make a determination under subsection (b) in accordance with the statutorily-defined eligibility requirements or other legally-established condition of a program for a payee to be eligible to receive payment.

"(3) The procedure for an agency to dispute an order to return a certified payment voucher and appeal a related corrective action order under subsection (b) to the Fiscal Assistant Secretary, which shall at a minimum include a requirement for the agency to receive a response not later than five days after making such a dispute or appeal to the Department of the Treasury.

"(4) The minimum information requirements of a notification required under subsection (d)(1).

"(j) DEFINITIONS.—In this section:

"(1) DIRECTOR.—The term 'Director' means the Director of the Office of Management and Budget.

"(2) FRAUD-RISK INDICATOR.—The term 'fraud-risk indicator' means an objective data point or analytic signal that indicates an anomalous payment pattern or increase in the volume of a payment amount, a verified data mismatch, network or behavioral anomaly, or match identified by the Do Not Pay system under section 3354 and any payment, account, or payee validation program or service administered by the Secretary that would result in financial loss to the Government.

"(3) ROUTINE, HISTORICALLY CONSISTENT PAYMENT AMOUNT.—The term 'routine, historically consistent payment amount' means a payment amount that is consistent with previous payment history of the payee, established program use patterns, or other objective benchmarks determined by the certifying agency.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.".

(2) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 33 of title 31, United States Codes, is amended by inserting after the item for section 3336 the following:

"3337. Authority to pause payments for further review and corrective action.".

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

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

(2) by striking ",," and inserting a comma.

(c) RELIEF OF ACCOUNTABLE OFFICERS.—Section 3527 of title 31, United States Code, is amended—

(1) in subsection (a)(2), by inserting after ''the loss or deficiency was not the result of an illegal or incorrect payment'' the following: '', or was made as a result of a good faith effort to comply with the requirements of section 3337''; and

(2) in subsection (b)(1)(A)(ii), by inserting after ''the loss or deficiency was not the result of an illegal or incorrect payment'' the following: '', or was made as a result of a good faith effort to comply with the requirements of section 3337''.

(d) REQUIREMENTS AND AUTHORITIES OF PAYMENT CERTIFYING OFFICIALS.—Subsection (a) of section 3528 of title 31, United States Code, is amended—

(1) in paragraph (4)(C), by striking ''; and'' and inserting a semicolon;

(2) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(6) complying with an order to take a corrective action to temporarily delay, condition, or segment a disbursement request pursuant to section 3337.''.

(e) RELIEF OF CERTIFYING OFFICIALS.—Subsection (b)(1) of section 3528 of title 31, United States Code—

(1) in subparagraph (A), by striking "; or" and inserting a semicolon;

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

(3) by inserting at the end the following new subparagraph:

"(C) the certification was made as a result of a good faith effort to comply with the requirements of section 3337.".

(f) REPORT ON RESULTS OF PAYMENTS PAUSED FOR FURTHER REVIEW AND CORRECTIVE ACTION.—Not later than 18 months after the date of the enactment of this Act, and annually thereafter, the Secretary of the Treasury shall submit to the Director of the Office of Management and Budget, the Committees on Appropriations of the Senate and the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives, a report on the following:

(1) The total number of orders to return a certified payment voucher submitted to a disbursing official under section 3325 of title 31, United States

Code, and corrective action orders issued to the head of an agency under the authorities provided by section 3337(b) of such title, as added by this section.

(2) The percentage of such payments that are issued by the agency, including by successful contestations filed by the recipient or payee with the agency, and recommendations to mitigate such errors in the fraud-risk indicators of the Department of the Treasury in the future.

(3) The total savings to the Federal Government in payments determined to be fraudulent or result in financial loss to the Government under the authorities provided by subsections (a) and (b) of section 3337 of title 31, United States Code, as added by this section.

(4) Any necessary policy, regulatory, or legislative recommendations related to the authorities and requirements under section of section 3337 of title 31, United States Code, as added by this section, or other relevant law.

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of the enactment of this Act.

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