

Calendar No. 535

112TH CONGRESS
2D SESSION

S. 1998

[Report No. 112-230]

To obtain an unqualified audit opinion, and improve financial accountability and management at the Department of Homeland Security.

IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 2012

Mr. BROWN of Massachusetts (for himself, Mr. CARPER, and Mr. JOHNSON of Wisconsin) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

NOVEMBER 2, 2012

Reported under authority of the order of the Senate of September 22 (legislative day, September 21), 2012, by Mr. LIEBERMAN, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To obtain an unqualified audit opinion, and improve financial accountability and management at the Department of Homeland Security.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Department of Home-
3 land Security Improved Financial Accountability Act of
4 2011”.

5 **SEC. 2. IMPROVING FINANCIAL ACCOUNTABILITY AND**
6 **MANAGEMENT.**

7 (a) **DEFINITIONS.**—In this section—

8 (1) the term “Department” means the Depart-
9 ment of Homeland Security;

10 (2) the terms “qualified opinion” and “unquali-
11 fied opinion” mean a qualified opinion and an un-
12 qualified opinion, respectively, within the meanings
13 given those terms under generally accepted govern-
14 ment auditing standards; and

15 (3) the term “Secretary” means the Secretary
16 of Homeland Security.

17 (b) **REACHING AN UNQUALIFIED AUDIT OPINION.**—

18 In order to ensure compliance with the Department of
19 Homeland Security Financial Accountability Act (Public
20 Law 108–330; 118 Stat. 1275) and the amendments made
21 by that Act, the Secretary shall—

22 (1) take the necessary steps to ensure that the
23 balance sheet of the Department and associated
24 statement of custodial activity for the fiscal years
25 ending September 30, 2012 and September 30, 2013
26 are ready in a timely manner and in preparation for

1 an audit as part of preparing the performance and
2 accountability reports required under section 3516(f)
3 of title 31, United States Code, including submitting
4 the reports not later than November 15, 2012 and
5 November 15, 2013, respectively, in order to obtain
6 a qualified or unqualified opinion;

7 (2) take the necessary steps to ensure that the
8 full set of consolidated financial statements of the
9 Department for the fiscal years ending September
10 30, 2014 and September 30, 2015 are ready in a
11 timely manner and in preparation for an audit as
12 part of preparing the performance and account-
13 ability reports required under section 3516(f) of title
14 31, United States Code, including submitting the re-
15 ports not later than November 15, 2014 and Novem-
16 ber 15, 2015, respectively, in order to obtain a quali-
17 fied or unqualified opinion; and

18 (3) take the necessary steps to ensure that the
19 full set of consolidated financial statements of the
20 Department for the fiscal year ending September 30,
21 2016, and each fiscal year thereafter, are ready in
22 a timely manner and in preparation for an audit as
23 part of preparing the performance and account-
24 ability reports required under section 3516(f) of title
25 31, United States Code, including submitting the re-

1 ports not later than November 15, 2016, and each
2 year thereafter, in order to obtain an unqualified
3 opinion.

4 (c) REPORT TO CONGRESS ON PROGRESS OF MEET-
5 ING AUDIT REQUIREMENTS.—Not later than 270 days
6 after the date of enactment of this Act, and annually
7 thereafter until an unqualified opinion is submitted under
8 paragraph (2) or (3) of subsection (b), and in order to
9 ensure progress in implementing the Department of
10 Homeland Security Financial Accountability Act (Public
11 Law 108–330; 118 Stat. 1275) and the amendments made
12 by that Act, the Chief Financial Officer of the Department
13 shall submit to Congress a report on the plans to obtain
14 an unqualified opinion, which shall discuss plans and re-
15 sources needed to meet the deadlines under subsection (b).

16 (d) REPORT TO CONGRESS ON PLANS TO MOD-
17 ERNIZE FINANCIAL SYSTEMS.—

18 (1) IN GENERAL.—Not later than 270 days
19 after the date of enactment of this Act, and in order
20 to improve financial management at the Depart-
21 ment, the Chief Financial Officer of the Department
22 shall submit to Congress and the Comptroller Gen-
23 eral of the United States a report on the plans of
24 the Department and resources needed to modernize
25 the financial systems of the Department.

1 (2) CONTENTS.—The report submitted under
2 paragraph (1) shall discuss—

3 (A) the challenges of and opportunities for
4 using existing financial systems of the Depart-
5 ment, including an assessment of the feasibility
6 and cost of using an existing financial system;

7 (B) the challenges and opportunities of im-
8 plementing a new financial system and associ-
9 ated financial controls; and

10 (C) the lessons learned from the prior at-
11 tempts of the Department to develop a financial
12 system that will be considered in implementing
13 a new financial system.

14 (3) REVIEW.—Not later than 180 days after
15 the date on which the Chief Financial Officer of the
16 Department submits the report under paragraph
17 (1), the Comptroller General of the United States
18 shall review the report and submit to Congress a re-
19 port that provides—

20 (A) an assessment of the status of the fi-
21 nancial system modernization by the Depart-
22 ment;

23 (B) an evaluation of the report;

24 (C) an assessment of the plans to mod-
25 ernize, and developments at the Department re-

1 lating to, the financial system of the Depart-
2 ment; and

3 ~~(D) any recommendations for improving~~
4 the plans for a new financial system at the De-
5 partment.

6 **SECTION 1. SHORT TITLE.**

7 *This Act may be cited as the “DHS Audit Require-*
8 *ment Target Act of 2012” or the “DART Act”.*

9 **SEC. 2. IMPROVING FINANCIAL ACCOUNTABILITY AND MAN-**
10 **AGEMENT.**

11 *(a) DEFINITIONS.—In this section—*

12 *(1) the term “Department” means the Depart-*
13 *ment of Homeland Security;*

14 *(2) the term “financial management systems”*
15 *has the meaning given that term under section 806 of*
16 *the Federal Financial Management Improvement Act*
17 *of 1996 (31 U.S.C. 3512 note);*

18 *(3) the term “Secretary” means the Secretary of*
19 *Homeland Security; and*

20 *(4) the term “unqualified opinion” mean an un-*
21 *qualified opinion within the meaning given that term*
22 *under generally accepted auditing standards.*

23 *(b) REACHING AN UNQUALIFIED AUDIT OPINION.—In*
24 *order to ensure compliance with the Department of Home-*
25 *land Security Financial Accountability Act (Public Law*

1 108–330; 118 Stat. 1275) and the amendments made by
2 that Act, the Secretary shall take the necessary steps to en-
3 sure that the full set of consolidated financial statements
4 of the Department for the fiscal year ending September 30,
5 2013, and each fiscal year thereafter, are ready in a timely
6 manner and in preparation for an audit as part of pre-
7 paring the performance and accountability reports required
8 under section 3516(f) of title 31, United States Code, (in-
9 cluding submitting the reports not later than November 15,
10 2013, and each year thereafter) in order to obtain an un-
11 qualified opinion on the full set of financial statements for
12 the fiscal year.

13 (c) *REPORT TO CONGRESS ON PROGRESS OF MEETING*
14 *AUDIT REQUIREMENTS.*—In order to ensure progress in im-
15 plementing the Department of Homeland Security Finan-
16 cial Accountability Act (Public Law 108–330; 118 Stat.
17 1275), and the amendments made by that Act, during the
18 period beginning on the date of enactment of this Act and
19 ending on the date on which an unqualified opinion de-
20 scribed in subsection (b) is submitted, each report submitted
21 by the Chief Financial Officer of the Department under sec-
22 tion 902(a)(6) of title 31, United States Code, shall include
23 a plan—

24 (1) to obtain an unqualified opinion on the full
25 set of financial statements, which shall discuss plans

1 *and resources needed to meet the deadlines under sub-*
2 *section (b);*

3 *(2) that addresses how the Department will*
4 *eliminate material weaknesses and significant defi-*
5 *ciencies in internal controls over financial reporting*
6 *and provides deadlines for the elimination of such*
7 *weaknesses and deficiencies; and*

8 *(3) to modernize the financial management sys-*
9 *tems of the Department, including timelines, goals,*
10 *alternatives, and costs of the plan, which shall include*
11 *consideration of alternative approaches, including*
12 *modernizing the existing financial management sys-*
13 *tems and associated financial controls of the Depart-*
14 *ment and establishing new financial management*
15 *systems and associated financial controls.*

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