H. R. 2961

To ensure that the Department of Defense achieves a clean audit opinion on its financial statements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2023

Ms. Lee of California (for herself, Mr. Burgess, Mr. Pocan, Mr. Biggs, Mr. Huffman, Ms. Hageman, Ms. Tlaib, Ms. Schakowsky, Mr. García of Illinois, Mr. McGovern, Mr. DeSaulnier, Ms. Jayapal, Mr. Auchincloss, Mr. Gosar, Mr. Grijalva, and Mr. Bowman) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To ensure that the Department of Defense achieves a clean audit opinion on its financial statements, and for other purposes.

1 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 “Audit the Pentagon Act of 2023”.

SEC. 2. FINDINGS.

(1) The Pentagon failed it’s 5th consecutive Audit in November 2022.
(2) Upon failure of this audit, the DoD was unable to account for hundreds of billions of dollars, accounting for 61 percent of it’s $3.5 trillion in assets.

SEC. 3. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) as the overall defense budget is cut, the congressional defense committees and the Department of Defense should not endanger the Armed Forces by reducing wounded warrior accounts or vital protection (such as body armor) for members of the Armed Forces serving in harm’s way;

(2) the valuation of legacy assets by the Department of Defense should be simplified without compromising essential controls or generally accepted government auditing standards; and

(3) nothing in this Act should be construed to require or permit the declassification of accounting details about classified defense programs, and, as required by law, the Department of Defense should ensure financial accountability in such programs using proven practices, including using auditors with security clearances.
SEC. 4. DEPARTMENT OF DEFENSE SPENDING REDUCTIONS IN THE ABSENCE OF AN UNQUALIFIED AUDIT OPINION.

(a) In General.—

(1) Reductions.—If, during any fiscal year after fiscal year 2022, the Comptroller of the Department of Defense fails to certify to Congress that a department, agency, or other element of the Department of Defense has achieved an unqualified opinion on its full financial statements, the amount available for such department, agency, or element shall be reduced—

(A) for the fiscal year during which such determination is made, by an amount equal to 0.5 percent; and

(B) for any subsequent fiscal year during which such determination is made, by an amount equal to 1.0 percent.

(2) Application of Reductions.—For any fiscal year for which a reduction is made pursuant to paragraph (1) for a department, agency, or element, the amount of the reduction shall be applied on a pro rata basis against each program, project, and activity of such department, agency, or element for that fiscal year.
(3) USE OF REDUCED AMOUNTS.—The amount of any reduction made under paragraph (1) shall be deposited in the General Fund of the Treasury and shall be available for purposes of deficit reduction.

(b) ACCOUNTS EXCLUDED.—The following accounts are excluded from any reductions under subsection (a):

(1) Military personnel, reserve personnel, and National Guard personnel accounts of the Department of Defense.

(2) The Defense Health Program account of the Department of Defense.

(c) WAIVER.—The President may waive subsection (a) with respect to an account if the President—

(1) certifies that the application of such subsection to that account would—

(A) negatively affect the national security of the United States or members of the Armed Forces who are deployed in combat zones; or

(B) affect the Defense Health Program account; and

(2) submits to the Committee on Appropriations and the Committee on the Budget of the House of Representatives and the Committee on Appropriations and the Committee on the Budget of the Senate a report on such waiver that includes a
description of the specific activities that would be affected and why such activities are essential to the national security of the United States.

(d) REPORT.—Not later than 60 days after a reduction takes effect under subsection (a), the Director of the Office of Management and Budget shall submit to Congress a report specifying each department, agency, or other element of the Department of Defense subject to reduction and the amount of the reduction.

(e) DEFINITIONS.—In this section:

(1) The terms “financial statement” and “external independent auditor” have the meanings given those terms in section 3521(e) of title 31, United States Code.

(2) The term “unqualified”, with respect to the audit status of a financial statement, includes the characterizations clean and unmodified.