

118TH CONGRESS
1ST SESSION

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 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 “Audit the Pentagon
5 Act of 2023”.

6 **SEC. 2. FINDINGS.**

7 (1) The Pentagon failed it’s 5th consecutive
8 Audit in November 2022.

1 (2) Upon failure of this audit, the DoD was un-
2 able to account for hundreds of billions of dollars,
3 accounting for 61 percent of it's \$3.5 trillion in as-
4 sets.

5 **SEC. 3. SENSE OF CONGRESS.**

6 It is the sense of Congress that—

7 (1) as the overall defense budget is cut, the
8 congressional defense committees and the Depart-
9 ment of Defense should not endanger the Armed
10 Forces by reducing wounded warrior accounts or
11 vital protection (such as body armor) for members
12 of the Armed Forces serving in harm's way;

13 (2) the valuation of legacy assets by the De-
14 partment of Defense should be simplified without
15 compromising essential controls or generally accept-
16 ed government auditing standards; and

17 (3) nothing in this Act should be construed to
18 require or permit the declassification of accounting
19 details about classified defense programs, and, as re-
20 quired by law, the Department of Defense should en-
21 sure financial accountability in such programs using
22 proven practices, including using auditors with secu-
23 rity clearances.

1 **SEC. 4. DEPARTMENT OF DEFENSE SPENDING REDUC-**
2 **TIONS IN THE ABSENCE OF AN UNQUALIFIED**
3 **AUDIT OPINION.**

4 (a) IN GENERAL.—

5 (1) REDUCTIONS.—If, during any fiscal year
6 after fiscal year 2022, the Comptroller of the De-
7 partment of Defense fails to certify to Congress that
8 a department, agency, or other element of the De-
9 partment of Defense has achieved an unqualified
10 opinion on its full financial statements, the amount
11 available for such department, agency, or element
12 shall be reduced—

13 (A) for the fiscal year during which such
14 determination is made, by an amount equal to
15 0.5 percent; and

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

19 (2) APPLICATION OF REDUCTIONS.—For any
20 fiscal year for which a reduction is made pursuant
21 to paragraph (1) for a department, agency, or ele-
22 ment, the amount of the reduction shall be applied
23 on a pro rata basis against each program, project,
24 and activity of such department, agency, or element
25 for that fiscal year.

1 (3) USE OF REDUCED AMOUNTS.—The amount
2 of any reduction made under paragraph (1) shall be
3 deposited in the General Fund of the Treasury and
4 shall be available for purposes of deficit reduction.

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

7 (1) Military personnel, reserve personnel, and
8 National Guard personnel accounts of the Depart-
9 ment of Defense.

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

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

14 (1) certifies that the application of such sub-
15 section to that account would—

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

19 (B) affect the Defense Health Program ac-
20 count; and

21 (2) submits to the Committee on Appropria-
22 tions and the Committee on the Budget of the
23 House of Representatives and the Committee on Ap-
24 propriations and the Committee on the Budget of
25 the Senate a report on such waiver that includes a

1 description of the specific activities that would be af-
2 fected and why such activities are essential to the
3 national security of the United States.

4 (d) REPORT.—Not later than 60 days after a reduc-
5 tion takes effect under subsection (a), the Director of the
6 Office of Management and Budget shall submit to Con-
7 gress a report specifying each department, agency, or
8 other element of the Department of Defense subject to re-
9 duction and the amount of the reduction.

10 (e) DEFINITIONS.—In this section:

11 (1) The terms “financial statement” and “ex-
12 ternal independent auditor” have the meanings given
13 those terms in section 3521(e) of title 31, United
14 States Code.

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

○