

Calendar No. 519

118TH CONGRESS
2D SESSION

S. 4716

[Report No. 118–226]

To amend section 7504 of title 31, United States Code, to improve the single audit requirements.

IN THE SENATE OF THE UNITED STATES

JULY 11 (legislative day, JULY 10), 2024

Mr. PETERS (for himself and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

SEPTEMBER 19, 2024

Reported by Mr. PETERS, with an amendment

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

A BILL

To amend section 7504 of title 31, United States Code, to improve the single audit requirements.

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 “Financial Management
5 ~~Risk Reduction Act~~”.

1 **SEC. 2. SINGLE AUDIT IMPROVEMENTS.**

2 Section 7504 of title 31, United States Code, is
3 amended—

4 (1) in subsection (a)—

5 (A) in paragraph (1), by striking “, and”
6 and inserting a semicolon;

7 (B) in paragraph (2), by striking the pe-
8 riod at the end and inserting a semicolon; and

9 (C) by adding at the end the following:

10 “(3) participate in and furnish information for
11 the review under subsection (d); and

12 “(4) identify, in coordination with the Federal
13 clearinghouse, recipients that expend \$300,000 or
14 more in Federal awards or such other amount speci-
15 fied by the Director under section 7502(a)(3) during
16 the recipient’s fiscal year but did not undergo an
17 audit in accordance with this chapter.”;

18 (2) in subsection (c)—

19 (A) in paragraph (1), by adding “and” at
20 the end;

21 (B) by striking paragraph (2); and

22 (C) by redesignating paragraph (3) as
23 paragraph (2); and

24 (3) by adding at the end the following:

25 “(d) Not later than 2 years after the date of enact-
26 ment of this subsection, and every 2 years thereafter, the

1 Director submit to the Committee on Homeland Security
2 and Governmental Affairs of the Senate and the Com-
3 mittee on Oversight and Accountability of the House of
4 Representatives a report listing the recipients identified
5 under subsection (a) (4).

6 “(e)(1) The Director shall designate 1 or more Fed-
7 eral agencies to conduct a Government-wide analysis of
8 single audit quality, which may include a consideration of
9 the results of ongoing reviews of single audit quality by—

10 “(A) Federal agencies;

11 “(B) State auditors; and

12 “(C) independent peer review programs.

13 “(2) Not later than 3 years after the date of enact-
14 ment of this subsection, and every 6 years thereafter, the
15 Federal agencies designated under paragraph (1) shall
16 complete a Government-wide analysis of single audit qual-
17 ity, which shall include the views of non-Federal entities
18 regarding single audit quality.

19 “(3) The Director shall submit to the Committee on
20 Homeland Security and Governmental Affairs of the Sen-
21 ate and the Committee on Oversight and Accountability
22 of the House of Representatives and make publicly avail-
23 able the results of each review under paragraph (2).

24 “(f) Not later than 2 years after the date of enact-
25 ment of this subsection—

1 “(1) the Administrator of General Services, in
2 coordination with the Director, the Council on Fed-
3 eral Financial Assistance (or any successor thereto),
4 and key management single audit liaisons of Federal
5 agencies designated as described in section 200.513
6 of title 2, Code of Federal Regulations (or any suc-
7 cessor thereto); shall develop analytic tools to use
8 audit data in the Federal clearinghouse to identify
9 cross-Governmental risks to Federal award funds;
10 and

11 “(2) the Director, in coordination with the Ad-
12 ministrator of General Services, the Council on Fed-
13 eral Financial Assistance (or any successor thereto),
14 and key management single audit liaisons of Federal
15 agencies designated as described in section 200.513
16 of title 2, Code of Federal Regulations (or any suc-
17 cessor thereto); shall develop a strategy to use audit
18 data in the Federal clearinghouse to identify cross-
19 Governmental risks to Federal award funds.

20 “(g) Not later than 4 years after the date of enact-
21 ment of this subsection, the Comptroller General of the
22 United States shall complete an evaluation of—

23 “(1) the effectiveness of the strategy and ana-
24 lytic tools developed under subsection (f);

1 ~~“(2) reporting burdens for auditors and audited~~
 2 ~~entities and the capacity of auditors and audited en-~~
 3 ~~tities to fulfill the requirements under this chapter;~~
 4 ~~and~~

5 ~~“(3) the responsiveness of Federal agencies to~~
 6 ~~repeat single audit findings and corrective action~~
 7 ~~plans.”.~~

8 **SECTION 1. SHORT TITLE.**

9 *This Act may be cited as the “Financial Management*
 10 *Risk Reduction Act”.*

11 **SEC. 2. SINGLE AUDIT IMPROVEMENTS.**

12 *Section 7504 of title 31, United States Code, is amend-*
 13 *ed—*

14 *(1) in subsection (a)—*

15 *(A) in paragraph (1), by striking “, and”*
 16 *and inserting a semicolon;*

17 *(B) in paragraph (2), by striking the period*
 18 *at the end and inserting a semicolon; and*

19 *(C) by adding at the end the following:*

20 *“(3) participate in and furnish information for*
 21 *the review under subsection (e); and*

22 *“(4) identify recipients that expend \$300,000 or*
 23 *more in Federal awards or such other amount speci-*
 24 *fied by the Director under section 7502(a)(3) during*

1 *the recipient’s fiscal year but did not undergo an*
2 *audit in accordance with this chapter.”;*

3 *(2) in subsection (c)—*

4 *(A) in paragraph (1), by adding “and” at*
5 *the end;*

6 *(B) by striking paragraph (2); and*

7 *(C) by redesignating paragraph (3) as*
8 *paragraph (2); and*

9 *(3) by adding at the end the following:*

10 *“(d) Not later than 2 years after the date of enactment*
11 *of this subsection, and every 2 years thereafter, the Director*
12 *shall submit to the Committee on Homeland Security and*
13 *Governmental Affairs of the Senate and the Committee on*
14 *Oversight and Accountability of the House of Representa-*
15 *tives a report listing the recipients identified under sub-*
16 *section (a)(4).*

17 *“(e)(1) The Director shall designate 1 or more Federal*
18 *agencies to conduct a Government-wide analysis of single*
19 *audit quality, which may include a consideration of the re-*
20 *sults of reviews of single audit quality by—*

21 *“(A) Federal agencies;*

22 *“(B) inspectors general of Federal agencies;*

23 *“(C) State auditors; and*

1 “(D) external peer reviews conducted in accord-
2 ance with generally accepted government auditing
3 standards.

4 “(2) Not later than 3 years after the date of enactment
5 of this subsection, and every 6 years thereafter, the Federal
6 agencies designated under paragraph (1) shall complete a
7 Government-wide analysis of single audit quality.

8 “(3) The Director shall submit to the Committee on
9 Homeland Security and Governmental Affairs of the Senate
10 and the Committee on Oversight and Accountability of the
11 House of Representatives and make publicly available a
12 summary of the results of each review under paragraph (2).

13 “(f) Not later than 2 years after the date of enactment
14 of this subsection—

15 “(1) the Administrator of General Services, in
16 coordination with the Director, the Council on Fed-
17 eral Financial Assistance (or any successor thereto),
18 and key management single audit liaisons of Federal
19 agencies designated as described in section 200.513 of
20 title 2, Code of Federal Regulations (or any successor
21 thereto), shall develop analytic tools to use audit data
22 in the Federal clearinghouse to identify cross-Govern-
23 mental risks to Federal award funds; and

24 “(2) the Director, in coordination with the Ad-
25 ministrator of General Services, the Council on Fed-

1 *eral Financial Assistance (or any successor thereto),*
 2 *and key management single audit liaisons of Federal*
 3 *agencies designated as described in section 200.513 of*
 4 *title 2, Code of Federal Regulations (or any successor*
 5 *thereto), shall develop a strategy to use audit data in*
 6 *the Federal clearinghouse to identify cross-Govern-*
 7 *mental risks to Federal award funds.*

8 *“(g) Not later than 4 years after the date of enactment*
 9 *of this subsection, the Comptroller General of the United*
 10 *States shall complete an evaluation of—*

11 *“(1) the effectiveness of the strategy and analytic*
 12 *tools developed under subsection (f);*

13 *“(2) reporting burdens for auditors and audited*
 14 *entities and the capacity of auditors and audited en-*
 15 *tities to fulfill the requirements under this chapter;*
 16 *and*

17 *“(3) the responsiveness of Federal agencies to re-*
 18 *peat single audit findings and corrective action*
 19 *plans.”.*

20 **SEC. 3. NO ADDITIONAL FUNDS.**

21 *No additional funds are authorized to be appropriated*
 22 *to carry out this Act or the amendments made by this Act.*

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