

117TH CONGRESS
1ST SESSION

H. R. 4272

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

JUNE 30, 2021

Ms. LEE of California (for herself and Mr. BURGESS) 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 2021”.

6 **SEC. 2. SENSE OF CONGRESS.**

7 It is the sense of Congress that—

8 (1) as the overall defense budget is cut, the
9 congressional defense committees and the Depart-
10 ment of Defense should not endanger the Armed

1 Forces by reducing wounded warrior accounts or
2 vital protection (such as body armor) for members
3 of the Armed Forces serving in harm's way;

4 (2) the valuation of legacy assets by the De-
5 partment of Defense should be simplified without
6 compromising essential controls or generally accept-
7 ed government auditing standards; and

8 (3) nothing in this Act should be construed to
9 require or permit the declassification of accounting
10 details about classified defense programs, and, as re-
11 quired by law, the Department of Defense should en-
12 sure financial accountability in such programs using
13 proven practices, including using auditors with secu-
14 rity clearances.

15 **SEC. 3. DEPARTMENT OF DEFENSE SPENDING REDUC-**
16 **TIONS IN THE ABSENCE OF AN UNQUALIFIED**
17 **AUDIT OPINION.**

18 (a) IN GENERAL.—

19 (1) REDUCTIONS.—If, during any fiscal year
20 after fiscal year 2022, the Comptroller of the De-
21 partment of Defense fails to certify to Congress that
22 a department, agency, or other element of the De-
23 partment of Defense has achieved an unqualified
24 opinion on its full financial statements, the amount

1 available for such department, agency, or element
2 shall be reduced—

3 (A) for the fiscal year during which such
4 determination is made, by an amount equal to
5 0.5 percent; and

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

9 (2) APPLICATION OF REDUCTIONS.—For any
10 fiscal year for which a reduction is made pursuant
11 to paragraph (1) for a department, agency, or ele-
12 ment, the amount of the reduction shall be applied
13 on a pro rata basis against each program, project,
14 and activity of such department, agency, or element
15 for that fiscal year.

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

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

22 (1) Military personnel, reserve personnel, and
23 National Guard personnel accounts of the Depart-
24 ment of Defense.

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

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

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

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

10 (B) affect the Defense Health Program ac-
11 count; and

12 (2) submits to the Committee on Appropria-
13 tions and the Committee on the Budget of the
14 House of Representatives and the Committee on Ap-
15 propriations and the Committee on the Budget of
16 the Senate a report on such waiver that includes a
17 description of the specific activities that would be af-
18 fected and why such activities are essential to the
19 national security of the United States.

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

1 (e) DEFINITIONS.—In this section:

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

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

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