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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To provide for auditable financial statements for the Department of Defense, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. HOUCHIN introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for auditable financial statements for the Department of Defense, and for other purposes.

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 ''Reviewing Every Check and Each Invoice Purchasing Troops' Supplies Act'' or the ''RECEIPTS Act''.

SEC. 2. IMPROVEMENTS RELATING TO AUDITABLE FINANCIAL STATEMENTS OF DEPARTMENT OF DEFENSE.

(a) MODIFICATION TO DEPARTMENT OF DEFENSE INSPECTOR GENERAL ROLE IN AUDIT OF FINANCIAL STATEMENTS.—Section 3521(a) of title 31, United States Code, is amended—

(1) by striking ''Each account'' and inserting ''(1)Each account''; and

(2) by adding at the end the following paragraph:

''(2) The audit required under paragraph (1) for the Department of Defense shall be performed by an independent external auditor.''.

(b) ENHANCED TRANSFER AND REPROGRAMMING AUTHORITY.—

(1) DEPARTMENT OF DEFENSE.—If the Department of Defense receives an audit with an unqualified opinion on financial statements for any fiscal year after fiscal year 2028, notwithstanding any other limitation applicable to the amount of the general transfer authority of the Secretary of Defense with respect to the succeeding fiscal year, the Secretary shall be authorized to transfer up to the greater of $10,000,000,000 or one percent of the

total budget authority available to the Department of Defense for such succeeding fiscal year.

(2) MILITARY DEPARTMENTS, DEFENSE AGENCIES, AND DEFENSE FIELD ACTIVITIES.—If a military department, Defense Agency, or Department of Defense Field Activity obtains an audit with an unqualified opinion on the respective financial statements of such element for any fiscal year after fiscal year 2028, during the first succeeding fiscal year the levels below which such element may reprogram funds without prior notice to Congress shall be as follows:

(A) In the case of an increase or decrease to the program base amount for a procurement program, $60,000,000.

(B) In the case of an increase or decrease to the program base amount for a research program, $30,000,000.

(C) In the case of an increase or decrease to the amount for a budget activity for operation and maintenance, $45,000,000.

(D) In the case of an increase or decrease to the amount for a budget activity for military personnel, $30,000,000.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to waive, alter, or otherwise affect any other requirement, including the requirements of section 2214(d) of title 10, United States Code, with respect to reprogramming of funds or congressional notifications with respect to such reprogramming.

(c) TERMINATION OF REPORTING REQUIREMENTS.—

(1) CONTINGENT TERMINATION.—

(A) MILITARY DEPARTMENTS.—The financial statements of a military department shall cease to be subject to the reporting requirements described in paragraph (2) beginning on the first date on which an unqualified audit opinion is issued on such financial statements.

(B) DEPARTMENT OF DEFENSE-WIDE.—The reporting requirements described in paragraph (2) shall terminate on the first date on which an unqualified audit opinion is issued on the financial statements of the Department of Defense, including each of the military departments and the other reporting entities defined by the Office of Management and Budget.

(2) REPORTING REQUIREMENTS.—The reporting requirements described in this paragraph are the following:

(A) The requirement for annual reports under section 892(b) of the National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4311).

(B) The requirement for semi-annual reports under section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2440).

(C) The requirement for annual reports under section 817(d) of the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107–314; 116 Stat. 2610).

(D) The requirement for periodic reports under section 908(b) of the Defense Acquisition Improvement Act of 1986 (Public Law 99–500; 100 Stat. 1783–140; 10 U.S.C. 2326 note) and duplicate requirements as provided for in section 6 of the Defense Technical Corrections Act of 1987 (Public Law 100–26; 101 Stat. 274; 10 U.S.C. 2302 note).

(d) IMPOSITION OF ADDITIONAL QUALIFICATIONS AND DUTIES.—If the Department of Defense fails to ob-

tain an audit with an unqualified opinion on its financial statements for fiscal year 2028 by the end of calendar year 2028, beginning on January 1, 2029—

(1) no individual may be appointed to a covered position unless such individual—

(A) is a Certified Public Accountant; and

(B) has served in a chief financial officer position, or equivalent position, of a Federal or State department or agency, or public company, that received an audit with an unqualified opinion on the financial statements of such department or agency, or public company, as the case may be, during the period in which the individual served in such position; and

(2) the duties and authorities of an individual serving in a covered position shall include, in addition to any other any other duty or authority of the covered position, such duties and powers with respect to the financial management of the Department of Defense as the Deputy Secretary of Defense (acting in the capacity of Chief Management Officer of the Department of Defense) or a successor official in the Department of Defense (acting in such capacity) may prescribe.

(e) TRANSFER OF CERTAIN DEFENSE FINANCE AND ACCOUNTING SERVICE DUTIES.—If the Department of Defense fails to obtain an audit with an unqualified opinion on its financial statements for fiscal year 2028 by December 31, 2028, the Secretary of Defense, in coordination with the Secretary of the Treasury and the Director of the Office of Management and Budget, shall transfer the duty to perform covered services from the Defense Finance and Accounting Service to another element of the Department of Defense with experience in performing payroll and other financial services.

(f) MODIFICATION TO MISSION STATEMENT OF DEFENSE FINANCE AND ACCOUNTING SERVICE.—The Secretary of Defense shall take such steps as may be necessary to ensure the mission statement of the Defense Finance and Accounting Service reflects the following:

(1) The Defense Finance and Accounting Service is a critical part of the financial management and accounting enterprise of the United States military, and the responsibilities of the Defense Finance and Accounting Service are not limited to the provision to the military departments of payroll and other financial services.

(2) The Director of the Defense Finance and Accounting Service and the Secretaries of the military departments are jointly responsible for—

(A) accounting for military spending by accurately and timely recording, analyzing, summarizing, and classifying financial transactions of the military departments;

(B) ensuring such transactions are accurately recorded in the financial statements of the military departments; and

(C) achieving an unqualified audit opinion for the financial statements of the Department of Defense.

(g) ESTABLISHMENT OF DEPARTMENT OF DEFENSE AUDIT COMMITTEE.—

(1) ESTABLISHMENT.—The Secretary of Defense shall establish a committee, to be known as the Audit Committee, to select and oversee an independent external auditor responsible for the audit of the financial statements of the Department.

(2) MEMBERSHIP.—The Audit Committee shall be composed of the following members:

(A) The Deputy Secretary of Defense, who shall serve as the Chairman of the Audit Committee.

(B) The Chief Information Officer of the Department of Defense.

(C) The Deputy Inspector General (Audit) of the Department of Defense.

(D) An individual appointed by the Chairman of the Committee on Armed Services of the Senate.

(E) An individual appointed by the Ranking Member of the Committee on Armed Services of the Senate.

(F) An individual appointed by the Chairman of the Committee on Armed Services of the House of Representatives.

(G) An individual appointed by the Ranking Member of the Committee on Armed Services of the House of Representatives.

(H) An individual appointed by the Secretary of Defense from the Defense Business Board.

(3) DUAL-HAT EXCLUSION.—No member of the Audit Committee may simultaneously serve in any of the following positions:

(A) The Under Secretary of Defense (Comptroller).

(B) The Deputy Under Secretary of Defense (Comptroller).

(C) The Director of the Defense Finance and Accounting Service.

(4) QUALIFICATION OF CERTAIN MEMBERS.—Individuals appointed pursuant to subparagraph (D) or (F) of paragraph (2) shall be appointed to the Commission from among individuals who are Certified Public Accountants and who have demonstrated knowledge and experience in the audit of Federal agency financial statements.

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) AUTHORIZATION.—In addition to amounts otherwise available, there is authorized to be appropriated for the Department of Defense the following sums:

(A) $150,000,000 for the deployment of automation and artificial intelligence to accelerate the audits of the financial statement of the Department.

(B) $150,000,000 for business systems replacements to accelerate and improve the accuracy of the financial statements of the Department of Defense pursuant to chapter 9A and section 2222 of title 10, United States Code.

(2) OFFSET REQUIRED.—If amounts are appropriated pursuant to the authorization under paragraph (1), the Secretary of Defense shall take such steps as may be necessary to offset such amounts by terminating for convenience one or more contracts of an equivalent value entered into by the Secretary for consulting services regarding the audit and preparation of financial statements on behalf of the Department of Defense.

(i) DEFINITIONS.—In this section:

(1) The term ''applicable duty or authority'' means the following:

(A) Any duty or authority specified in section 135 of title 10, United States Code, with respect to the Under Secretary of Defense (Comptroller).

(B) Any duty or authority specified in section 7016(b)(4) of title 10, United States Code, with respect to the Assistant Secretary of the Army for Financial Management.

(C) Any duty or authority specified in section 8016(b)(4) of title 10, United States Code, with respect to the Assistant Secretary of the Navy for Financial Management.

(D) Any duty or authority specified in section 9016(b)(4) of title 10, United States Code, with respect to the Assistant Secretary of the Air Force for Financial Management.

(2) The terms ''budget activity'', ''program base amount'', ''procurement program'', and ''research program'' have the meanings given such terms in chapter 6 of volume 3 of the Financial Management Regulation of the Department of Defense (DoD 7000.14R), dated March 2011, or any successor regulation

(3) The term ''covered position'' means the following:

(A) The Under Secretary of Defense (Comptroller).

(B) The Assistant Secretary of the Army for Financial Management.

(C) The Assistant Secretary of the Navy for Financial Management.

(D) The Assistant Secretary of the Air Force for Financial Management.

(4) The term ''covered service''—

(A) means any payroll or other financial service that, as of the date of the enactment of this Act, the Director of the Defense Finance

and Accounting Service provides to a Federal department or agency other than the Department of Defense, the Department of Veterans Affairs, or the Executive Office of the President; and

(B) does not include any such service provided in support of veterans.

(5) The term ''public company'' has the meaning given the term ''issuer'' in section 2(a)(7) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(7)).