

**AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 1960
OFFERED BY MS. LEE OF CALIFORNIA**

At the end of subtitle A of title X, add the following
new section:

**1 SEC. 1005. SPENDING REDUCTIONS FOR MILITARY DEPART-
2 MENTS AND DEFENSE AGENCIES WITHOUT
3 CLEAN OR QUALIFIED AUDITS.**

4 (a) **APPLICABILITY.**—This section applies to each
5 military department and Defense Agency identified by the
6 Director of the Office of Management and Budget as re-
7 quired to have an audited financial statement under sec-
8 tion 3515 of title 31, United States Code.

9 (b) **DEFINITIONS.**—In this section, the terms “finan-
10 cial statement” and “external independent auditor” have
11 the same meanings as those terms have under section
12 3521(e) of title 31, United States Code.

13 (c) **ADJUSTMENTS FOR FINANCIAL ACCOUNT-
14 ABILITY.**—

15 (1) **IN GENERAL.**—On March 2 of fiscal year
16 2014 the discretionary budget authority available for
17 each military department and Defense Agency for

1 such fiscal year is adjusted as provided in para-
2 graphs (2) and (3).

3 (2) REDUCTIONS.—Subject to paragraph (3), if
4 a military department or Defense Agency has not
5 submitted a financial statement for fiscal year 2013,
6 or if such financial statement has not received either
7 an unqualified or a qualified audit opinion by an
8 independent external auditor, the overall discre-
9 tionary budget authority available for the military
10 department or Defense Agency is reduced by 0.5
11 percent.

12 (3) DISCRETION BY SECRETARY OF DE-
13 FENSE.—Within the military department or Defense
14 Agency concerned, the Secretary of Defense make
15 reductions under paragraph (2) in a manner that
16 minimizes any effect on national security.

17 (4) DEFICIT REDUCTION.—An amount equal to
18 the total amount of any reduction under paragraph
19 (2) shall be retained in the general fund of the
20 Treasury for the purposes of deficit reduction.

21 (d) ACCOUNTS EXCLUDED.—The following accounts
22 are excluded from any reductions under subsection (c)(2):

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

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

3 (e) REPORT.—Not later than 60 days after an adjust-
4 ment under subsection (c), the Director of the Office of
5 Management and Budget shall submit to Congress a re-
6 port describing the amount and account of each adjust-
7 ment.

8 (f) REPORT ON DEPARTMENT OF DEFENSE REPORT-
9 ING REQUIREMENTS.—Not later than 180 days after the
10 date of the enactment of this Act, the Under Secretary
11 of Defense (Comptroller) shall submit to Congress a re-
12 port setting forth a list of each report of the Department
13 required by law to be submitted to Congress which, in the
14 opinion of the Under Secretary, interferes with the capac-
15 ity of the Department of Defense to achieve an audit of
16 the financial statements of the Department with an un-
17 qualified opinion.

18 (g) SENSE OF CONGRESS.—It is the sense of Con-
19 gress that—

20 (1) the Secretary of Defense should make any
21 necessary spending reductions under this section in
22 a manner that does not endanger the Nation's
23 troops by reducing wounded warrior accounts or re-
24 duction vital protection (such as body armor) for
25 members of the Armed Forces in harm's way; and

1 (2) nothing in this section should be construed
2 to require or permit the declassification of account-
3 ing details about classified defense programs, and,
4 as required by law, the Department of Defense
5 should ensure financial accountability in such pro-
6 grams using proven practices, including using audi-
7 tors with security clearances.

