AMENDMENT TO THE RULES COMMITTEE PRINT
FOR H.R. 4435
OFFERED BY MR. COFFMAN OF COLORADO

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

SEC. 1005. FAILURE TO OBTAIN AUDITS WITH UNQUALIFIED OPINION OF FISCAL YEAR 2015 GENERAL FUND STATEMENT OF BUDGETARY RESOURCES OF THE DEPARTMENT OF DEFENSE.

(a) In General.—If the Department of Defense fails to obtain an audit with an unqualified opinion on its general fund statement of budgetary resources for fiscal year 2015 by December 31, 2015, the following shall take effect on January 1, 2016:

(1) Additional qualifications and duties of USD (Comptroller).—

(A) Qualifications.—Any individual nominated for appointment to the position of Under Secretary of Defense (Comptroller) under section 135 of title 10, United States Code, shall be an individual who has served—
(i) as the chief financial officer of a Federal or State agency that has received an audit with an unqualified opinion on such agency’s financial statements during the time of such individual’s service; or

(ii) as the chief financial officer of a public company that has received an audit with an unqualified opinion on such company’s financial statements during the time of such individual’s service.

(B) DUTIES AND POWERS.—The duties and powers of the individual serving as Under Secretary of Defense (Comptroller) shall include, in addition to the duties and powers specified in section 135(c) of title 10, United States Code, 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.

(2) ADDITIONAL QUALIFICATIONS AND RESPONSIBILITIES OF ASA FOR FINANCIAL MANAGEMENT.—
(A) QUALIFICATIONS.—Any individual nominated for appointment to the position of Assistant Secretary of the Army for Financial Management under section 3016 of title 10, United States Code, shall be an individual who has served—

(i) as the chief financial officer of a Federal or State agency that has received an audit with an unqualified opinion on such agency’s financial statements during the time of such individual’s service; or

(ii) as the chief financial officer of a public company that has received an audit with an unqualified opinion on such company’s financial statements during the time of such individual’s service.

(B) RESPONSIBILITIES.—The responsibilities of the individual serving as Assistant Secretary of the Army for Financial Management shall include, in addition to the responsibilities specified in section 3016(b)(4) of title 10, United States Code, such responsibilities 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.

(3) ADDITIONAL QUALIFICATIONS AND RESPONSIBILITIES OF ASN FOR FINANCIAL MANAGEMENT.—

(A) QUALIFICATIONS.—Any individual nominated for appointment to the position of Assistant Secretary of the Navy for Financial Management under section 5016 of title 10, United States Code, shall be an individual who has served—

(i) as the chief financial officer of a Federal or State agency that has received an audit with an unqualified opinion on such agency’s financial statements during the time of such individual’s service; or

(ii) as the chief financial officer of a public company that has received an audit with an unqualified opinion on such company’s financial statements during the time of such individual’s service.

(B) RESPONSIBILITIES.—The responsibilities of the individual serving as Assistant Secretary of the Navy for Financial Management shall include, in addition to the responsibilities specified in section 5016(b)(3) of title 10,
United States Code, such responsibilities 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.

(4) ADDITIONAL QUALIFICATIONS AND RESPONSIBILITIES OF ASAF FOR FINANCIAL MANAGEMENT.—

(A) QUALIFICATIONS.—Any individual nominated for appointment to the position of Assistant Secretary of the Air Force for Financial Management under section 8016 of title 10, United States Code, shall be an individual who has served—

(i) as the chief financial officer of a Federal or State agency that has received an audit with an unqualified opinion on such agency’s financial statements during the time of such individual’s service; or

(ii) as the chief financial officer of a public company that has received an audit with an unqualified opinion on such company’s financial statements during the time of such individual’s service.
(B) RESPONSIBILITIES.—The responsibilities of the individual serving as Assistant Secretary of the Air Force for Financial Management shall include, in addition to the responsibilities specified in section 8016(b)(3) of title 10, United States Code, such responsibilities 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.

(b) PUBLIC COMPANY DEFINED.—In this section, 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)).

SEC. 1006. FAILURE OF THE DEPARTMENT OF DEFENSE TO OBTAIN AUDITS WITH UNQUALIFIED OPINION OF FISCAL YEAR 2018 FINANCIAL STATEMENTS.

If the Department of Defense fails to obtain an audit with an unqualified opinion on its general fund statement of budgetary resources for fiscal year 2018 by December 31, 2018:

(1) PERMANENT CESSATION OF ENHANCED GENERAL TRANSFER AUTHORITY.—Effective as of
January 1, 2019, the authority in section 4(a) shall cease to be available to the Department of Defense for fiscal year 2018 and any fiscal year thereafter.

(2) Reorganization of Responsibilities of Chief Management Officer.—Effective as of April 1, 2019:

(A) Position of Chief Management Officer.—Section 132a of title 10, United States Code, is amended to read as follows:

“§ 132a. Chief Management Officer

“(a) In General.—(1) There is a Chief Management Officer of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate.

“(2) Any individual nominated for appointment as Chief Management Officer shall be an individual who has—

“(A) extensive executive level leadership and management experience in the public or private sector;

“(B) strong leadership skills;

“(C) a demonstrated ability to manage large and complex organizations; and

“(D) a proven record in achieving positive operational results.
“(b) Powers and Duties.—The Chief Management Officer shall perform such duties and exercise such powers as the Secretary of Defense may prescribe.

“(c) Service as Chief Management Officer.—

(1) The Chief Management Officer is the Chief Management Officer of the Department of Defense.

(2) In serving as the Chief Management Officer of the Department of Defense, the Chief Management Officer shall be responsible for the management and administration of the Department of Defense with respect to the following:

“(A) The expenditure of funds, accounting, and finance.

“(B) Procurement, including procurement of any enterprise resource planning (ERP) system and any information technology (IT) system that is a financial feeder system, human resources system, or logistics system.

“(C) Facilities, property, nonmilitary equipment, and other resources.

“(D) Strategic planning, annual performance planning, and identification and tracking of performance measures.
“(E) Internal audits and management analyses of the programs and activities of the Department, including the Defense Contract Audit Agency.

“(F) Such other areas or matters as the Secretary of Defense may designate.

“(3) The head of the Defense Contract Audit Agency shall be under the supervision of, and shall report directly to, the Chief Management Officer.

“(d) PRECEDENCE.—The Chief Management Officer takes precedence in the Department of Defense after the Secretary of Defense and the Deputy Secretary of Defense.”.

(B) CONFORMING AMENDMENTS.—

(i) Section 131(b) of title 10, United States Code, is amended—

(I) by striking paragraph (3);

(II) by redesignating paragraph (2) as paragraph (3); and

(III) by inserting after paragraph (1) the following new paragraph (2):

“(2) The Chief Management Officer of the Department of Defense.”.

(ii) Section 132 of such title is amended—
(I) by striking subsection (c);

and

(II) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(iii) Section 133(e)(1) of such title is amended by striking “and the Deputy Secretary of Defense” and inserting “, the Deputy Secretary of Defense, and the Chief Management Officer of the Department of Defense”.

(iv) Such title is further amended by inserting “the Chief Management Officer of the Department of Defense,” after “the Deputy Secretary of Defense,” each place it appears in the provisions as follows:

(I) Section 133(e)(2).

(II) Section 134(c).

(v) Section 137a(d) of such title is amended by striking “the Secretaries of the military departments,” and all that follows and inserting “the Chief Management Officer of the Department of Defense, the Secretaries of the military departments, and the Under Secretaries of Defense.”.
(vi) Section 138(d) of such title is amended by striking “the Secretaries of the military departments,” and all that follows through the period and inserting “the Chief Management Officer of the Department of Defense, the Secretaries of the military departments, the Under Secretaries of Defense, and the Director of Defense Research and Engineering.”.

(C) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 4 of such title is amended by striking the item relating to section 132a and inserting the following new item:

“132a. Chief Management Officer.”.

(D) EXECUTIVE SCHEDULE.—Section 5313 of title 5, United States Code, is amended by adding at the end the following:

“Chief Management Officer of the Department of Defense.”.

(E) REFERENCE IN LAW.—Any reference in any provision of law to the Chief Management Officer of the Department of Defense shall be deemed to refer to the Chief Management Officer of the Department of Defense.
under section 132a of title 10, United States Code (as amended by this paragraph).

(3) JURISDICTION OF DFAS.—Effective as of April 1, 2019:

(A) TRANSFER TO DEPARTMENT OF THE TREASURY.—Jurisdiction of the Defense Finance and Accounting Service (DFAS) is transferred from the Department of Defense to the Department of the Treasury.

(B) ADMINISTRATION.—The Secretary of the Treasury shall administer the Defense Finance and Accounting Service following transfer under this paragraph through the Financial Management Service of the Department of the Treasury.

(C) MEMORANDUM OF UNDERSTANDING.—The Secretary of Defense and the Secretary of the Treasury shall jointly enter into a memorandum of understanding regarding the transfer of jurisdiction of the Defense Finance and Accounting Service under this paragraph. The memorandum of understanding shall provide for the transfer of the personnel and other resources of the Service to the Department of the Treasury and for the assumption of responsi-
bility for such personnel and resources by the Department of the Treasury.

(D) CONSTRUCTION.—Nothing in this paragraph shall be construed as terminating, altering, or revising any responsibilities or authorities of the Defense Finance and Accounting Service (other than responsibilities and authorities in connection with the exercise of jurisdiction of the Service following transfer under this paragraph).