

days after Nov. 15, 1990, to determine and report to Congress on which executive agencies or parts thereof perform substantial commercial functions for which financial statements can be prepared practicably under 31 U.S.C. 3515.

PILOT PROJECT FOR PREPARATION AND AUDIT OF FINANCIAL STATEMENTS; REPORT TO CONGRESS

Section 303(d), (e) of Pub. L. 101-576 directed specific departments, administrations, and services by Mar. 31 of 1991, 1992, and 1993 to prepare and submit to Director of Office of Management and Budget financial statements for the preceding fiscal year for the accounts of all of the offices, bureaus, and activities, required each financial statement to be audited in accordance with 31 U.S.C. section 3521(e), (f), (g), and (h), and directed Director of Office of Management and Budget, not later than June 30, 1993, to report to Congress on the financial statements including an analysis of the accuracy of the data, the difficulties encountered in preparing the data, the benefits derived from preparation of the financial statements, and the cost associated with preparing and auditing the financial statements.

§ 3516. Reports consolidation

(a)(1) With the concurrence of the Director of the Office of Management and Budget, the head of an executive agency may adjust the frequency and due dates of, and consolidate into an annual report to the President, the Director of the Office of Management and Budget, and Congress any statutorily required reports described in paragraph (2). Such a consolidated report shall be submitted to the President, the Director of the Office of Management and Budget, and to appropriate committees and subcommittees of Congress not later than 150 days after the end of the agency's fiscal year.

(2) The following reports may be consolidated into the report referred to in paragraph (1):

(A) Any report by an agency to Congress, the Office of Management and Budget, or the President under section 1116, this chapter, and chapters 9, 33, 37, 75, and 91.

(B) The following agency-specific reports:

(i) The biennial financial management improvement plan by the Secretary of Defense under section 2222¹ of title 10.

(ii) The annual report of the Attorney General under section 522 of title 28.

(C) Any other statutorily required report pertaining to an agency's financial or performance management if the head of the agency—

(i) determines that inclusion of that report will enhance the usefulness of the reported information to decision makers; and

(ii) consults in advance of inclusion of that report with the Committee on Governmental Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and any other committee of Congress having jurisdiction with respect to the report proposed for inclusion.

(b) A report under subsection (a) that incorporates the agency's program performance report under section 1116 shall be referred to as a performance and accountability report.

(c) A report under subsection (a) that does not incorporate the agency's program performance report under section 1116 shall contain a sum-

mary of the most significant portions of the agency's program performance report, including the agency's success in achieving key performance goals for the applicable year.

(d) A report under subsection (a) shall include a statement prepared by the agency's inspector general that summarizes what the inspector general considers to be the most serious management and performance challenges facing the agency and briefly assesses the agency's progress in addressing those challenges. The inspector general shall provide such statement to the agency head at least 30 days before the due date of the report under subsection (a). The agency head may comment on the inspector general's statement, but may not modify the statement.

(e) A report under subsection (a) shall include a transmittal letter from the agency head containing, in addition to any other content, an assessment by the agency head of the completeness and reliability of the performance and financial data used in the report. The assessment shall describe any material inadequacies in the completeness and reliability of the data, and the actions the agency can take and is taking to resolve such inadequacies.

(f) The Secretary of Homeland Security—

(1) shall for each fiscal year submit a performance and accountability report under subsection (a) that incorporates the program performance report under section 1116 of this title for the Department of Homeland Security;

(2) shall include in each performance and accountability report an audit opinion of the Department's internal controls over its financial reporting; and

(3) shall design and implement Department-wide management controls that—

(A) reflect the most recent homeland security strategy developed pursuant to section 874(b)(2) of the Homeland Security Act of 2002; and

(B) permit assessment, by the Congress and by managers within the Department, of the Department's performance in executing such strategy.

(Added Pub. L. 106-531, §3(a), Nov. 22, 2000, 114 Stat. 2537; amended Pub. L. 108-330, §4(a), Oct. 16, 2004, 118 Stat. 1277.)

REFERENCES IN TEXT

Section 2222 of title 10, referred to in subsec. (a)(2)(B)(i), was repealed by Pub. L. 107-314, div. A, title X, §1004(h)(1), Dec. 2, 2002, 116 Stat. 2631.

Section 874(b)(2) of the Homeland Security Act of 2002, referred to in subsec. (f)(3)(A), is classified to section 454(b)(2) of Title 6, Domestic Security.

AMENDMENTS

2004—Subsec. (f). Pub. L. 108-330 added subsec. (f).

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

¹ See References in Text note below.

AUDIT OPINION AND INTERNAL CONTROLS BY SECRETARY OF HOMELAND SECURITY

Pub. L. 108-330, §4(b), (c), Oct. 16, 2004, 118 Stat. 1277, provided that:

“(b) IMPLEMENTATION OF AUDIT OPINION REQUIREMENT.—The Secretary of Homeland Security shall include audit opinions in performance and accountability reports under section 3516(f) of title 31, United States Code, as amended by subsection (a), only for fiscal years after fiscal year 2005.

“(c) ASSERTION OF INTERNAL CONTROLS.—The Secretary of Homeland Security shall include in the performance and accountability report for fiscal year 2005 submitted by the Secretary under section 3516(f) of title 31, United States Code, an assertion of the internal controls that apply to financial reporting by the Department of Homeland Security.”

FINDINGS AND PURPOSES

Pub. L. 106-531, §2, Nov. 22, 2000, 114 Stat. 2537, provided that:

“(a) FINDINGS.—Congress finds that—

“(1) existing law imposes numerous financial and performance management reporting requirements on agencies;

“(2) these separate requirements can cause duplication of effort on the part of agencies and result in uncoordinated reports containing information in a form that is not completely useful to Congress; and

“(3) pilot projects conducted by agencies under the direction of the Office of Management and Budget demonstrate that single consolidated reports providing an analysis of verifiable financial and performance management information produce more useful reports with greater efficiency.

“(b) PURPOSES.—The purposes of this Act [see Short Title of 2000 Amendment note set out under section 3501 of this title] are—

“(1) to authorize and encourage the consolidation of financial and performance management reports;

“(2) to provide financial and performance management information in a more meaningful and useful format for Congress, the President, and the public;

“(3) to improve the quality of agency financial and performance management information; and

“(4) to enhance coordination and efficiency on the part of agencies in reporting financial and performance management information.”

SPECIAL RULE FOR FISCAL YEARS 2000 AND 2001

Pub. L. 106-531, §3(b), Nov. 22, 2000, 114 Stat. 2538, provided that: “Notwithstanding paragraph (1) of section 3516(a) of title 31, United States Code (as added by subsection (a) of this section), the head of an executive agency may submit a consolidated report under such paragraph not later than 180 days after the end of that agency’s fiscal year, with respect to fiscal years 2000 and 2001.”

SUBCHAPTER III—AUDITING AND
SETTLING ACCOUNTS

§ 3521. Audits by agencies

(a) Each account of an agency shall be audited administratively before being submitted to the Comptroller General. The head of each agency shall prescribe regulations for conducting the audit and designate a place at which the audit is to be conducted. However, a disbursing official of an executive agency may not administratively audit vouchers for which the official is responsible. With the consent of the Comptroller General, the head of the agency may waive any part of an audit.

(b) The head of an agency may prescribe a statistical sampling procedure to audit vouchers of

the agency when the head of the agency decides economies will result from using the procedure. The Comptroller General—

(1) may prescribe the maximum amount of a voucher that may be audited under this subsection; and

(2) in reviewing the accounting system of the agency, shall evaluate the adequacy and effectiveness of the procedure.

(c) A disbursing or certifying official acting in good faith under subsection (b) of this section is not liable for a payment or certification of a voucher not audited specifically because of the procedure prescribed under subsection (b) if the official and the head of the agency carry out diligently collection action the Comptroller General prescribes.

(d) Subsections (b) and (c) of this section do not—

(1) affect the liability, or authorize the relief, of a payee, beneficiary, or recipient of an illegal, improper, or incorrect payment; or

(2) relieve a disbursing or certifying official, the head of an agency, or the Comptroller General of responsibility in carrying out collection action against a payee, beneficiary, or recipient.

(e) Each financial statement prepared under section 3515 by an agency shall be audited in accordance with applicable generally accepted government auditing standards—

(1) in the case of an agency having an Inspector General appointed under the Inspector General Act of 1978 (5 U.S.C. App.), by the Inspector General or by an independent external auditor, as determined by the Inspector General of the agency; and

(2) in any other case, by an independent external auditor, as determined by the head of the agency.

(f) For each audited financial statement required under subsection (a) of section 3515 of this title, the person who audits the statement for purpose of subsection (e) of this section shall submit a report on the audit to the head of the agency and the Controller of the Office of Federal Financial Management. A report under this subsection shall be prepared in accordance with generally accepted government auditing standards.

(g) The Comptroller General of the United States—

(1) may review any audit of a financial statement conducted under this subsection by an Inspector General or an external auditor;

(2) shall report to the Congress, the Director of the Office of Management and Budget, and the head of the agency which prepared the statement, regarding the results of the review and make any recommendation the Comptroller General considers appropriate; and

(3) may audit a financial statement prepared under section 3515 of this title at the discretion of the Comptroller General or at the request of a committee of the Congress.

An audit the Comptroller General performs under this subsection shall be in lieu of the audit otherwise required by subsection (e) of this section. Prior to performing such audit, the