substitute be agreed to, the bill be deemed read the third time and passed, as amended, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1559), as amended, was deemed read the third time and passed.

(The text of the bill will be printed in a future edition of the RECORD.)

REAUTHORIZATION OF THE INDIAN ENVIRONMENTAL GENERAL ASSISTANCE PROGRAM ACT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 544, S. 1834.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1834) to reauthorize the Indian Environmental General Assistance Program Act of 1992, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1834) was deemed read the third time and passed, as follows:

S. 1834

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REAUTHORIZATION.

Section 502(h) of the Indian Environmental General Assistance Program Act of 1992 (42 U.S.C. 4868(h)) is amended by striking "$15,000,000" and inserting "such sums as may be necessary."

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 548, S. 1130.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1130) to provide for the establishment of uniform accounting systems, standards and reporting systems in the Federal Government, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Governmental Affairs, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE. This Act may be cited as the ‘‘Federal Financial Management Improvement Act of 1996’’.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds the following:

(1) Much effort has been devoted to strengthening Federal financial controls in the past. Although progress has been made in recent years, Federal accounting standards have not been uniformly implemented in Federal financial management systems.

(2) Federal financial management continues to be seriously deficient, and Federal financial management and fiscal practices have failed to:

(A) identify costs fully;

(B) reflect the total liabilities of congressional agencies;

(C) accurately report the financial condition of the Federal Government.

(3) Current Federal accounting practices do not support full disclosure of the Federal Government or the full costs of programs and activities. The continued use of these practices undermines the Government’s ability to manage, account for, control, and report Federal financial resources, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

(4) Waste and inefficiency in the Federal Government undermine the confidence of the American people in the Government and reduce the Federal Government’s ability to address vital public needs adequately.

(5) To rebuild the accountability and credibility of the Federal Government, and restore public confidence in the Federal Government, agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported.

(6) Since its establishment in October 1990, the Federal Accounting Standards Advisory Board (hereinafter referred to as the ‘‘FASAB’’) has made substantial progress toward developing and recommending a comprehensive set of accounting concepts and standards for the Federal Data. When the accounting concepts and standards developed by FASAB are incorporated into Federal financial management systems, agencies will be able to provide cost and financial information that will assist the Congress and financial managers to evaluate the cost and performance of Federal programs and activities, and will thereby provide important information that has been lacking, but is needed for improved decisionmaking by financial managers and the Congress.

(7) The development of financial management systems with the capacity to support these standards and concepts will, over the long term, improve Federal financial management.

(b) PURPOSES.—The purposes of this Act are to:

(1) provide for consistency of accounting by agencies for the next fiscal year and for Federal financial management systems for agencies;

(2) require Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the Congress, the President, and agency management, so that programs and agencies can be considered based on their full costs and merits;

(3) increase the accountability and credibility of Federal financial management;

(4) improve the accountability and efficiency of Federal Government financial management;

(5) establish financial management systems to support controlling the cost of Federal Government; and


(7) increase the capability of agencies to monitor the execution of the budget by no longer permitting reports that compare spending of resources to results of activities.

SEC. 3. IMPLEMENTATION OF FEDERAL FINANCIAL MANAGEMENT IMPROVEMENTS.

(a) IN GENERAL.—Each agency shall implement and maintain financial management systems that comply with Federal financial management systems required by Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

(b) PROVISIONAL.—Each agency shall give priority in funding and provide sufficient resources to implement this Act.

(c) AUDIT COMPLIANCE FINDING.—In general, each report required by section 3521(e) of title 31, United States Code, shall report whether the agency financial management systems comply with the requirements of subsection (a).

(d) CONTENT OF REPORTS.—When the person performing the audit required by section 3521(e) of title 31, United States Code, reports that the agency financial management systems do not comply with the requirements of subsection (a), the person performing the audit shall include in the report on the audit:

(A) the name and position of any officer or employee responsible for the financial management systems that have been found not to comply with the requirements of subsection (a);

(B) all facts pertaining to the failure to comply with the requirements of subsection (a), including—

(i) the nature and extent of the noncompliance;

(ii) the primary reason or cause of the noncompliance;

(iii) any official responsible for the noncompliance; and

(iv) any relevant comments from any responsible official or employee; and

(C) a statement with respect to the recommended remedial actions and the timeframes to implement such actions.

(e) COMPLIANCE DETERMINATION.—

(1) IN GENERAL.—No later than the date described under paragraph (2), the Director, acting through the Controller of the Office of Federal Financial Management, shall determine whether the financial management systems of an agency comply with the requirements of subsection (a). Such determination shall be based on—

(A) a review of the report on the applicable agency-wide audited financial statement;

(B) the agency comments on such report; and

(C) any other information the Director considers relevant and appropriate.

(2) DATE OF DETERMINATION.—The determination under paragraph (1) shall be made no later than 90 days after the date of—

(A) the date of the receipt of an agency-wide audited financial statement; or

(B) the last day of the fiscal year following the year covered by such statement.

(f) COMPLIANCE IMPLEMENTATION.—

(1) IN GENERAL.—If the Director determines that the financial management systems of an agency do not comply with the requirements of subsection (a), the head of the agency, in consultation with the Director, shall establish a remediation plan that shall include the resources, remedies, and intermediate target dates necessary to bring the agency’s financial management systems into compliance.

(2) TIME PERIOD FOR COMPLIANCE.—A remediation plan shall bring the agency’s financial management systems into compliance no later
than 2 years after the date on which the Director makes a determination under paragraph (1), unless the agency, with concurrence of the Director, 

(a) determines that the agency’s financial management systems are so deficient as to preclude compliance with the requirements of subsection (a) within 2 years; 

(b) specifies the most feasible date for bringing the agency’s financial management systems into compliance with the requirements of subsection (a); and 

(c) designates an official of the agency who shall be responsible for bringing the agency’s financial management systems into compliance with the requirements of subsection (b). 

(2) By the date specified in paragraph (1), the head of the agency, or in the case of the President, the Director, shall submit a report to the Congress regarding implementation of this Act. The report shall include— 

(A) an evaluation of the financial management systems and accounting standards in a manner comparable to the requirements of this Act; and 

(B) the Chief Justice of the United States shall conduct a study and submit a report to Congress on how the judiciary may achieve compliance with financial management and accounting standards in a manner comparable to the requirements of this Act. 

SEC. 5. REPORTS REQUIREMENTS. 

(a) REPORTS BY DIRECTOR.—No later than March 31 of each year, the Director shall submit a report to the Congress regarding implementation of this Act. The report shall include— 

(1) a description of the financial management and accounting standards that have been in compliance, and a summary statement of the financial statements of the Federal Government, including the nature and extent of the noncompliance; and 

(2) the financial management and accounting standards in a manner comparable to the requirements of this Act. 

(b) REPORTS BY COMPTROLLER GENERAL.—No later than October 1, 1997, and October 1 of each year thereafter, the Comptroller General of the United States shall report to the appropriate committees of the Congress concerning— 

(1) compliance with the requirements of section 3(a) of this Act, including whether the financial statements of the Federal Government have been prepared in accordance with applicable accounting standards; and 

(2) the adequacy of uniform accounting standards for the Federal Government. 

SEC. 6. CONFORMING AMENDMENTS. 

(a) AUDITS BY AGENCIES.—Section 3521(f)(1) of title 31, United States Code, is amended in the first sentence by inserting “and the Committees on Rules and Oversight and Appropriations of the House of Representatives” after “shall report to the Committees on Oversight and Government Reform.” 

(b) FEDERAL ACCOUNTING STATUS REPORT.—Section 3512(a)(2) of title 31, United States Code, is amended by— 

(1) in paragraph (1)(A), by striking “March 31 of each year” and inserting “No later than October 1, 1997” after “the first sentence by inserting” after “the Committees on Rules and Oversight and Appropriations of the House of Representatives” and inserting “and the Committee on Appropriations of the Senate and the Committees on Governmental Affairs and Appropriations of the House of Representatives” after “shall report to the appropriate committees of the Congress concerning—” 

(c) FEDERAL ACCOUNTING STATUS REPORT.—Section 3512(a)(2) of title 31, United States Code, is amended by— 

(1) in paragraph (1)(A), by striking “March 31 of each year” and inserting “No later than October 1, 1997” after “the first sentence by inserting” after “the Committees on Rules and Oversight and Appropriations of the House of Representatives” and inserting “and the Committee on Appropriations of the Senate and the Committees on Governmental Affairs and Appropriations of the House of Representatives” after “shall report to the appropriate committees of the Congress concerning—” 

(d) FEDERAL ACCOUNTING STATUS REPORT.—Section 3512(a)(2) of title 31, United States Code, is amended by— 

(1) a listing of agencies whose financial management systems are so deficient as to preclude compliance with the requirements of the Federal Financial Management Improvement Act of 1996, and the period of time that such agencies have not been in compliance, and a summary statement of the efforts underway to remedy the noncompliance; and 

SEC. 7. DEFINITIONS. 

For purposes of this Act: 

(1) AGENCY.—The term “agency” means a department or agency of the United States Government as defined in section 901(h) of title 31, United States Code. 

(2) DIRECTOR.—The term “Director” means the Director of the Office of Management and Budget. 

(3) FEDERAL ACCOUNTING STANDARDS.—The term “Federal accounting standards” means applicable federal accounting standards, and requirements consistent with section 902(a)(3)(A) of title 31, United States Code, and includes concept statements with respect to the objectives of Federal financial management. Such standards are the same as the financial reporting principles and standards that apply to the public accounting profession. 

(4) FINANCIAL MANAGEMENT SYSTEMS.—The term “financial management systems” includes the financial systems and the accounting portions of mixed systems necessary to support financial management, including automated and manual processes, procedures, controls, data, hardware, software, and support personnel dedicated to the operation and maintenance of system functions. 

(5) FINANCIAL SYSTEM.—The term “financial system” includes an information system, comprised of one or more applications, that is used for— 

(A) collecting, processing, maintaining, transmitting, or reporting data about financial events; 

(B) supporting financial planning or budgeting activities; 

(C) accumulating and reporting costs information; or 

(D) supporting the preparation of financial statements. 

(6) MIXED SYSTEM.—The term “mixed system” means an information system that supports both financial and nonfinancial functions of the Federal Government or components thereof.

SEC. 8. EFFECTIVE DATE. 

This Act shall take effect on October 1, 1996.
locates the root of the problem in financial management: "[O]ur work shows that outpatient charges or very large reimbursements routinely escape the controls and typically go unquestioned." Even when fraudulent billing is discovered, Medicare usually has paid it, and courts rarely act effectively to recover it.

Together the Department of Defense, the IRS, and the Medicare Program are just a small part of a government so massive and complex that it controls and directs cash resources of almost $2 trillion per year, issuing 900 million checks and maintaining a payroll and benefits system for over 5 million government employees. Clearly it is imperative that the government use a uniform and widely accepted set of accounting standards across the hundreds of agencies and departments that make up this government.

Today we are taking a great step toward putting Federal financial management in order. The Federal Financial Management Improvement Act of 1996 requires that all Federal agencies implement and maintain uniform accounting standards. The result will be more accurate and reliable information to be made: tax dollars will be put to better use, and a measure of confidence in the government will be restored. While this is not the kind of legislation that makes the headlines and is of great significance and I am proud that the Senate has passed it. I am very grateful to Senator STEVENS for steering the bill through his Committee.

Mr. GLENN, Mr. President, over the last 6 years, we have enacted several laws to improve Federal agency financial management. The Chief Financial Officers Act of 1990 put into place the first requirements for agencies to prepare annual audited financial statements, and we strengthened the requirement by the Government Management Reform Act of 1994, and now all the major agencies are covered by the CFO Act requirements.

In oversight hearings conducted by the Governmental Affairs Committee, both when I was Chair and now as Ranking Minority Member, we have seen how these laws are making significant improvements in agency financial management. Unfortunately, we also have seen that many agencies still have ways to go to make the necessary reforms.

The legislation before us today, the "Federal Financial Management Improvement Act" (S. 1130), which I co-sponsored, helps agencies go those final miles to put into place of great significance management systems and provide real accountability for the expenditure of public funds.

The legislation addresses the financial management systems that are needed to provide financial accountability. Annual financial statements will not do it alone, if agencies do not have the systems or personnel in place to account for their financial operations. Accordingly, the bill requires agencies to comply with applicable accounting standards and systems requirements.

The legislation further requires auditors to identify agencies with deficient financial management systems. This puts added teeth in the CFO Act financial statement process, and will lead to practical remediation steps, to be overseen by OMB. I am concerned, however, that the legislation’s requirements for auditors to be held financially responsible for agency financial systems may have the untoward consequence of intimidating our civil servants. If this requirement is used to identify specific decisions that have frustrated the development of needed financial management reforms, it will be a success. It will also be a success if it creates incentives for improved training for financial management personnel. If, however, it is used to unfairly blame managers who are constrained by resource or policy decisions made above them, whether in the agency or by Congress, then we will have to revisit this requirement. At this point, however, I believe that on balance the bill has come to demand more accountability from our agencies and agency officials for their financial management performance.

I commend Senator Brown for introducing this bill, and for working with us in Committee to improve it. I believe the "Federal Financial Management Improvement Act" is important legislation and will work to improve agency financial management. I urge my colleagues to support it.

Mr. STEVENS, Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be deemed read the third time, passed, the motion to reconsider be laid upon the table, and any statement relating to this bill appear at the appropriate place in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1130), as amended, was deemed read the third time and passed.

NATIONAL ENVIRONMENTAL EDUCATION AMENDMENT ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar S. 1873.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1873) to amend the National Environmental Education Act to extend programs under the Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Environment and Public Works, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.
This Act may be cited as the "National Environmental Education Amendments Act of 1996".

SECTION 2. OFFICE OF ENVIRONMENTAL EDUCATION.
Section 6 of the National Environmental Education Act (20 U.S.C. 5503) is amended—
(1) in subsection (b)—
(A) in paragraph (1) by inserting after "support" the following: "balanced and scientifically sound";
(B) by striking paragraph (6);
(C) by redesignating paragraphs (7) through (13) as paragraphs (6) through (12), respectively; and
(D) in paragraph (12) (as so redesignated), by inserting before the period the following: "through the headquarters and the regional offices of the Agency";
(2) by striking subsection (c) and inserting the following:
"(c) STAFF.—The Office of Environmental Education shall—
(1) include a headquarters staff of not more than 10 full-time equivalent employees; and
(2) be supported by 1 full-time equivalent employee in each Agency regional office.
"(d) ACTIVITIES.—The Administrator may carry out the activities specified in subsection (b) directly or through awards of grants, cooperative agreements, or contracts.

SECTION 3. ENVIRONMENTAL EDUCATION GRANTS.
Section 6 of the National Environmental Education Act (20 U.S.C. 5505) is amended—
(1) in the second sentence of subsection (i), by striking "25 percent" and inserting "15 percent"; and
(2) by adding at the end the following:
"(f) LOBBYING ACTIVITIES.—A grant under this section may not be used to support a lobbying activity (as described in the documents issued by the Office of Management and Budget and designated as OMB Circulars No. A-21 and No. A-112)."

SECTION 4. ENVIRONMENTAL INTERNSHIPS AND FELLOWSHIPS.
(a) IN GENERAL.—The National Environmental Education Act is amended—
(1) by striking section 7 (20 U.S.C. 5506); and
(2) by redesignating sections 8 through 11 (20 U.S.C. 5507 through 5510) as sections 7 through 10, respectively.
(b) CONFORMING AMENDMENTS.—The National Environmental Education Act is amended—
(1) in the table of contents in section 1(b) (20 U.S.C. 5501), by—
(A) by striking the item relating to section 7; and
(B) by redesignating the items relating to sections 8 through 11 as items relating to sections 7 through 10, respectively;
(2) in section 4(b) (20 U.S.C. 5503(b))—
(A) in paragraph (6) (as redesignated by section 2(b)(C)), by striking "section 8 of this Act" and inserting "section 7"; and
(B) in paragraph (7) (as so redesignated), by striking "section 9 of this Act" and inserting "section 8".
(3) in section 6(c)(3) (20 U.S.C. 5505(c)(3)), by striking "section 9 of this Act" and inserting "section 8".
(4) in the matter preceding subsection (c)(3)(A) of section 9 (as redesignated by subsection (a)(2)), by striking "section 10(a) of this Act" and inserting "subsection (c)(2)"; and
(5) in subsection (c)(2) of section 10 (as redesignated by subsection (a)(2)), by striking "section 10(d) of this Act" and inserting "section 9(d)".

SECTION 5. NATIONAL EDUCATION AWARDS.
Section 7 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended to read as follows:
"SEC. 7. NATIONAL EDUCATION AWARDS.
"The Administrator may provide for awards to be known as the 'President's Environmental