

together and we are looking at probably 1½ years to publish a completed audit. Stale information reduces audit impact to zero over a period time.

The Quest Report previously referred to pinpointed the root cause of this problem: "It is apparent that in the planning phase of audit selection, audits are written to fit a team as opposed to a team established to conduct the needed audit."

Such organization inflexibility drives long completion times. It also leads to the publication of audits having objectives that are so narrow and limited in scope that they are virtually worthless. Audit teams need to be organized to support more challenging and relevant audit tasks. Mr. Blair indicated recently he was moving in that direction.

There are two other outstanding problems. Far too few reports—just the nine in all—verified actual payments using primary source accounting records. Failing to nail down exact dollar amounts of waste and mismanagement, including those resulting from misguided policies, ends up undermining the credibility and completeness of audit reports.

I will give you an example. Using invoices and contracts to estimate payments would not appear to meet the most stringent audit standards. A more acceptable procedure is essential because of the Defense Finance and Accounting Service's longstanding track record of making erroneous and unauthorized payments. In the face of such sloppy accounting practices, verification of payments should be mandatory.

Last, referral rates to the Defense Criminal Investigative Service, the DCIS, are still far too low. Only five reports generated potential criminal referrals, which appears to point to a lack of concern about fraud. Surely there was enough grist in the 50 reports which documented egregious waste and misconduct to warrant additional referrals to the Defense Criminal Investigative Service and/or the Justice Department.

A number of audits stand out as candidates for further review and possible prosecution. I have urged Secretary Panetta and the acting inspector general to reexamine some of these issues. Acting IG Halbrooks has put the public spotlight on disgraceful and scandalous waste and alleged misconduct that demands accountability. Unfortunately, unless the recommendations in those hard-hitting audits are somehow converted to concrete action, all this good work will amount to nothing more than a bunch of auditors "howling in the wilderness." It will simply "fall through the cracks."

Converting tough recommendations into concrete action takes determination and it takes relentless followup. The key is making such agencies do what they agreed to do at the conclusion of an audit. However, all indications suggest that corrective actions proposed in 16 hard-hitting reports

have run into some serious roadblocks in the Pentagon bureaucracy. Without high-level intervention—in other words, eliminating those roadblocks in the Pentagon bureaucracy—most if not all accountability and savings measures could be slowly and quietly quashed in the bureaucracy.

A recent report from the Navy surely indicates that this fate awaits at least 1 of those 16 reports, and probably all the others as well. In order to assist in the audit resolution process, I have asked Secretary Panetta to conduct a top-level review of all the allegations contained in those 16 most disturbing reports, out of the 121 that we looked at in this last year. I urge the Secretary to establish a reasonable path forward on all unresolved recommendations. Until there are meaningful consequences and real penalties for such gross waste and misconduct, the culture of the organizations involved will not change.

In other words, that culture is going to perpetuate a lack of concern and action on the recommendations of these auditors because in a bureaucracy, not just in the Department of Defense, if heads don't roll you are not going to see any change in the culture. Without accountability there will be no positive results. Good audit value will go down the drain. Unabated waste of the taxpayers' money will continue.

Clearly, significant progress was achieved between 2010 and 2011, but the inspector general's audit capabilities are not yet out of the woods. Much more work remains to be done. Management needs to build on the strengths exemplified by the 50 reports containing rock-solid findings and 16 sets of hard-hitting recommendations. Those reports could be used as models or building blocks for improving audit quality in the future.

In order to start producing more top-quality reports, management needs to consider the following suggestions, of which I have eight: Bring report recommendations into balance with the findings; increase calls for accountability and recovery of improper payments; verify all payments using primary source accounting records; organize audit teams to match more complex and challenging tasks; pick up the pace of fraud referrals to the Defense Criminal Investigative Service; develop a more effective audit followup strategy; and lastly, follow up to ensure that prosecutions occur where warranted or necessary.

These adjustments should be achieved using available resources. Correct these problems and top-quality reports will be the norm. All these goals are within easy reach. Once accomplished, audits will be fully aligned with the core mission of the inspector general.

In closing, I want all the auditors in the inspector general's office to know that I consider their oversight mission to be of the highest importance. There is nothing more important to the tax-

payers than having an aggressive team of auditors watchdogging how the taxpayers' money is being spent. I know there has been a concerted effort over the past few years to improve the quality of their work. I deeply respect, deeply appreciate, and will support these efforts. They are starting to pay off. I can see the results of all the hard work.

I encourage all the auditors to keep moving ahead until the job is finished, and I urge Mr. Blair to unleash the auditors. I want them to be tigers. Encourage them to call waste what it is—waste. Let them follow their instincts and the guidance in their audit manuals that instructs them to: "Think fraud and plan audits to provide a reasonable assurance of detecting fraud."

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. UDALL of Colorado. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### SMALL BUSINESS LENDING ENHANCEMENT ACT

Mr. UDALL of Colorado. Madam President, I have come to the floor to speak about an opportunity to expand capital for small businesses by lifting the arbitrary limit on the credit unions ability to serve small businesses. I have done this on a number of occasions over the last couple of years so the President knows that this is a cause that is important to me. It is important to me because there is a phenomenon in our country where small businesses are starving for credit. Yet the Federal Government is still standing in their way.

I am talking about the smallest of small local businesses. These are the men and women who need \$50,000, \$100,000 or maybe \$200,000 to move from their garage to a retail storefront, to renovate their sales floor or upgrade their equipment and expand. They are often too small to be worth a bank's time or they don't fit the lending guidelines of the bank's corporate headquarters. But these small business owners know credit unions in their community have money to lend and these credit unions truly want to help. They probably see each other at Little League games, church, play cards together—they socialize. Instead of being able to offer the bridge loans that the small local businesses need, the credit unions end up saying: Sorry, we want to help you but the Federal Government has set a limit on how many businesses we can loan funds to.

Now we are moving to the Jumpstart Our Business Startups Act, or the

JOBS Act, that the House passed last week. That bill is aimed at increasing the availability of credit to startup companies by expediting and easing the process of undergoing an IPO, or an initial public offering. I think that is a noble goal, especially as our economy still struggles to create jobs. But the problem is we are still leaving the little guys behind—the people in each and every one of our neighborhoods who want to expand their businesses and hire people as soon as possible.

Unfortunately, the JOBS Act is aimed at companies with revenue under \$1 billion. Let me repeat that—billion with a B. These companies may well need help with IPOs, but I am talking about offering relief to traditional Main Street businesses.

I am still committed to allowing credit unions to increase the amount of money they can lend to small businesses. So I will, once again, introduce the bipartisan Small Business Lending Enhancement Act as an amendment which would open additional credit to small businesses without costing taxpayers a dime.

I know the Presiding Officer has many small, wonderful towns in her State where she sees many small businesses. I wish to talk about a couple small businesses in my State. Stacy Hamon is a Coloradan who owns the 1st Street Salon in Thornton. She was turned away by a bank because her loan was too small to be worth the risk. She went to her credit union. They wanted to help her. They helped her. She opened a larger business and she has created jobs in the process.

I am also talking about people such as Lisa Herman of Broomfield, CO. She is the co-owner of Happy Cakes Bake-shop in Denver's Highland Square, and she needed a loan to expand and cater more weddings. She was turned away by her bank. She went to her local credit union and that credit union was able to provide her with the loan she needed to continue to grow her successful business and hire more Coloradans.

Stacy and Lisa don't need a \$1 billion IPO, they need a small bridge loan. We could be making an enormous difference in these local communities with mere pennies on the dollar, which is what the JOBS Act is focused on. Yet my amendment would be the only single piece of the JOBS Act that would actually help small businesses or directly create jobs.

Put simply, credit unions specialize in these small loans to small business. In fact, the average credit union small business loan is just \$219,000. In contrast, the Federal Reserve has told us many banks have quit considering loans under \$200,000 because they are not worth their time.

Credit unions know these small business owners and they have money to lend to them. Unfortunately, Federal law still limits the amount of small business loans a credit union can extend to 12 percent of their assets. Nearly 350 credit unions are facing this cap

and over 500 are having to slow down or stop their business lending altogether. That is hard to believe; it seems such a missed opportunity. In effect, we in government are telling these financial institutions they cannot help create jobs in their local communities. That is why my amendment would double the amount of money credit unions can offer small businesses.

Let me turn to my friends in the banking sector. We have heard from banks over the years, and they say they think it is unfair that they have to compete with the credit unions. The fact is this isn't about banks or credit unions; it is about small business. These financial institutions, quite frankly, serve very different small business populations. Credit unions serve the smallest of small businesses that often must resort to relying on credit cards with comparatively high interest rates in order to invest in equipment to grow their businesses.

These are business owners who have been turned away or ignored by large banks. We are talking about new loans to new and growing small businesses. After over 100 years of lending to small businesses, credit unions only represent 5 to 6 percent of all small business loans. Even if increasing the limit on credit union lending were to double their market share, banks would still have 90 percent of the market to themselves.

I have also heard the banks say this proposal is unproven or somehow an unsound way of increasing small business loans. But the truth is credit unions have been making small business loans since their inception in the early 1900s. That is, by my math, over 100 years. It wasn't until 1998 that there were any limits whatsoever on how much they could lend.

The credit unions' own regulator, the National Credit Union Administration, has endorsed lifting or even eliminating the small business lending cap. The NCUA chairman testified before Congress that "increased business lending is good not only for the credit union, but also for its members and the communities in which the credit union operates."

I have to say I am frustrated. Why can we not agree on uninhibited small business support growth and job creation? Let's not let the squabbles between banks and credit unions keep these jobs from out-of-work Americans.

I will conclude by acknowledging that we passed earlier today a bipartisan transportation bill and, in so doing, we voted on amendments dealing with everything under the Sun, from contraception to privatizing rest stops. So I sure hope we can have an open amendment process during consideration of the JOBS Act and include this important amendment, this important legislation, which would help small business. After all, if we are going to tell the American people this bill is about increasing access to capital—we have heard that said over and

over, that this is about access to capital—we sure better be willing to start with those small business owners on Main Street. Colorado common sense and New Hampshire common sense could prevail. We ought to at least have a chance to consider this important issue and to debate this idea on the floor of the Senate and, I hope, include it in the JOBS Act. Because access to capital is what is needed right now and the credit union sector is willing and able to do so.

Madam President, thank you for your attention. I yield the floor and I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BENNET. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### EXTENSION OF MORNING BUSINESS

Mr. BENNET. Madam President, I ask unanimous consent that the period for morning business be extended until 7 p.m., with the time equally divided between the two leaders or their designees, with Senators permitted to speak for up to 10 minutes each.

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

Mr. BENNET. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BENNET). Without objection, it is so ordered.

#### UNANIMOUS CONSENT AGREEMENT—H.R. 3606

Mr. REID. Mr. President, I ask unanimous consent that at 11 a.m., Thursday, March 15, the Senate proceed to the consideration of Calendar No. 334, H.R. 3606, the IPO bill.

The PRESIDING OFFICER. Is there objection? The Senator from Oregon.

Mr. MERKLEY. Mr. President, reserving the right to object, I am going to explain my concerns. Let me start by quoting George W. Bush. George W. Bush said, "Free markets are not a jungle in which only the unscrupulous survive, or a financial free-for-all guided only by greed."

He continued:

Tricking an investor into taking a risk is theft by another name.

We are in the process of considering taking a health bill related to the production of capital for small and emerging businesses and considering it on the floor of the Senate without due