

CHAPTER 9A—AUDIT

- Sec.
240a. Audit of Department of Defense financial statements.
240b. Financial Improvement and Audit Remediation Plan.
240c. Audit: consolidated corrective action plan; centralized reporting system.
240d. Audits: audit of financial statements of Department of Defense components by independent external auditors.
240e. Audits: use of commercial data integration and analysis products in preparing audits.
240f. Audits: selection of service providers for audit services.
[251 to 254 Renumbered.]

AMENDMENTS

2018—Pub. L. 115–232, div. A, title X, §1002(a)(1)(B), Aug. 13, 2018, 132 Stat. 1945, renumbered items 251 to 254b as 240a to 240f, respectively.

§ 240a. Audit of Department of Defense financial statements

(a) ANNUAL AUDIT REQUIRED.—The Secretary of Defense shall ensure that a full audit is performed on the financial statements of the Department of Defense for each fiscal year as required by section 3521(e) of title 31.

(b) ANNUAL REPORT ON AUDIT.—The Secretary shall submit to Congress the results of the audit performed in accordance with subsection (a) for a fiscal year by not later than March 31 of the following fiscal year.

(Added Pub. L. 115–91, div. A, title X, §1002(b)(1), Dec. 12, 2017, 131 Stat. 1538, §251; renumbered §240a, Pub. L. 115–232, div. A, title X, §1002(a)(1)(A), Aug. 13, 2018, 132 Stat. 1945.)

AMENDMENTS

2018—Pub. L. 115–232 renumbered section 251 of this title as this section.

REVIEW AND RECOMMENDATIONS ON EFFORTS TO OBTAIN AUDIT OPINION ON FULL FINANCIAL STATEMENTS

Pub. L. 115–91, div. A, title X, §1006, Dec. 12, 2017, 131 Stat. 1544, provided that:

“(a) IN GENERAL.—The Secretary of Defense may establish within the Department of Defense a team of distinguished, private sector experts with experience conducting financial audits of large public or private sector organizations to review and make recommendations to improve the efforts of the Department to obtain an audit opinion on its full financial statements.

“(b) SCOPE OF ACTIVITIES.—A team established pursuant to subsection (a) shall—

“(1) identify impediments to the progress of the Department in obtaining an audit opinion on its full financial statements, including an identification of the organizations or elements that are lagging in their efforts toward obtaining such audit opinion;

“(2) estimate when an audit opinion on the full financial statements of the Department will be obtained; and

“(3) consider mechanisms and incentives to support efficient achievement by the Department of its audit goals, including organizational mechanisms to transfer direction and management control of audit activities from subordinate organizations to the Office of the Secretary of Defense, individual personnel incentives, workforce improvements (including in senior leadership positions), business process, technology, and systems improvements (including the use of data analytics), and metrics by which the Secretary and Congress may measure and assess progress toward achievement of the audit goals of the Department.

“(c) REPORTS.—

“(1) REPORT ON ESTABLISHMENT OF TEAM.—If the Secretary takes action pursuant to subsection (a), the Secretary shall, not later than September 30, 2019, submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report on the team established pursuant to that subsection, including a description of the actions taken and to be taken by the team pursuant to subsection (b).

“(2) REPORT ON DETERMINATION NOT TO ESTABLISH TEAM.—If as of June 1, 2019, the Secretary has determined not to establish a team authorized by subsection (a), the Secretary shall submit to the Committees on Armed Services of the Senate and the House of Representatives on that date a report on the determination, including an explanation and justification for the determination.”

§ 240b. Financial Improvement and Audit Remediation Plan

(a) FINANCIAL IMPROVEMENT AND AUDIT REMEDIATION PLAN.—

(1) IN GENERAL.—The Chief Management Officer of the Department of Defense shall, in consultation with the Under Secretary of Defense (Comptroller), maintain a plan to be known as the “Financial Improvement and Audit Remediation Plan”.

(2) ELEMENTS.—The plan required by paragraph (1) shall—

(A) describe specific actions to be taken, including interim milestones with a detailed description of the subordinate activities required, and estimate the costs associated with—

(i) correcting the financial management deficiencies that impair the ability of the Department of Defense to prepare timely, reliable, and complete financial management information;

(ii) ensuring the financial statements of the Department of Defense go under full financial statement audit, and that the Department leadership makes every effort to reach an unmodified opinion as soon as possible;

(iii) ensuring the audit of the financial statements of the Department of Defense for fiscal year 2018 occurs by not later than March 31, 2019.

(iv) achieving an unqualified audit opinion for each major element of the statement of budgetary resources of the Department of Defense; and

(v) addressing the existence and completeness of each major category of Department of Defense assets; and

(B) systematically tie the actions described under subparagraph (A) to business process and control improvements and business systems modernization efforts described in section 2222 of this title.

(b) REPORT AND BRIEFING REQUIREMENTS.—

(1) ANNUAL REPORT.—

(A) IN GENERAL.—Not later than June 30, 2019, and annually thereafter, the Under Secretary of Defense (Comptroller) shall submit to the congressional defense committees a report on the status of the implementation by the Department of Defense of the Finan-