

the subordinate activities required, and estimate the costs associated with” for “describe specific actions to be taken and the costs associated with”.

Subsec. (a)(2)(A)(ii). Pub. L. 115–91, §1002(c)(3)(B)(ii)(I)(bb), substituted “go under full financial statement audit, and that the Department leadership makes every effort to reach an unmodified opinion as soon as possible;” for “are validated as ready for audit by not later than September 30, 2017, and the statement of budgetary resources of the Department of Defense is validated as ready for audit by not later than September 30, 2014; and”.

Subsec. (a)(2)(A)(iii), (iv). Pub. L. 115–91, §1002(c)(3)(B)(ii)(I)(cc), added cl. (iii), relating to unqualified audit opinion, and cl. (iv).

Subsec. (a)(2)(B). Pub. L. 115–91, §1002(c)(3)(B)(ii)(II), inserted “business” before “process and control”, struck out “the business enterprise architecture and transition plan required by” before “section 2222” and substituted period for semicolon at end.

Pub. L. 115–91, §1002(c)(2)(B), substituted “of this title” for “of title 10, United States Code”.

Subsec. (a)(2)(C), (D). Pub. L. 115–91, §1002(c)(3)(B)(ii)(III), struck out subpars. (C) and (D) which read as follows:

“(C) prioritize—

“(i) improving the budgetary information of the Department of Defense, in order to achieve an unqualified audit opinion on the Department’s statements of budgetary resources; and

“(ii) as a secondary goal, improving the accuracy and reliability of management information on the Department’s mission-critical assets (military and general equipment, real property, inventory, and operating materials and supplies) and validating its accuracy through existence and completeness audits; and

“(D) include interim goals, including—

“(i) the objective of ensuring that the financial statement of each of the Department of the Army, the Department of the Navy, the Department of the Air Force, and the Defense Logistics Agency is validated as ready for audit; and

“(ii) a schedule setting forth milestones for elements of the military departments and financial statements of the military departments to be made ready for audit as part of the progress required to meet the objectives established pursuant to clause (i) of this subparagraph and clause (ii) of subparagraph (A) of this paragraph.”

Subsec. (b). Pub. L. 115–91, §1002(c)(3)(C), added subsec. (b).

Statutory Notes and Related Subsidiaries

INCENTIVES FOR THE ACHIEVEMENT BY THE COMPONENTS OF THE DEPARTMENT OF DEFENSE OF UNQUALIFIED AUDIT OPINIONS ON THE FINANCIAL STATEMENTS

Pub. L. 116–283, div. A, title X, §1004(a), Jan. 1, 2021, 134 Stat. 3837, provided that:

“(a) INCENTIVES REQUIRED.—

“(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act [Jan. 1, 2021], the Under Secretary of Defense (Comptroller), acting through the Deputy Chief Financial Officer of the Department of Defense, shall develop and issue guidance to provide incentives for the achievement by each department, agency, and other component of the Department of Defense of unqualified audit opinions on their financial statements.

“(2) APPLICABILITY.—The guidance required under paragraph (1) shall provide incentives for individual employees in addition to departments, agencies, and components.”

ANNUAL REPORTS ON FUNDING FOR CORRECTIVE ACTION PLANS

Pub. L. 116–92, div. A, title X, §1009(c), Dec. 20, 2019, 133 Stat. 1576, as amended by Pub. L. 116–283, div. A,

title X, §1081(c)(5), Jan. 1, 2021, 134 Stat. 3873, provided that: “Not later than five days after the submittal to Congress under section 1105(a) of title 31, United States Code, of the budget of the President for any fiscal year after fiscal year 2020, the Secretary of Defense shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report setting forth a detailed estimate of the funding required for such fiscal year to procure, obtain, or otherwise implement each process, system, and technology identified to address the current corrective action plans of the departments, agencies, components, and elements of the Department of Defense, and the corrective action plan of the Department as a whole, for purposes of chapter 9A of title 10, United States Code, during such fiscal year.”

[Pub. L. 116–283, div. A, title X, §1081(c), Jan. 1, 2021, 134 Stat. 3873, provided that the amendment made by section 1081(c)(5) of Pub. L. 116–283 to section 1009(c) of Pub. L. 116–92, set out above, is effective as of Dec. 20, 2020 (probably should be Dec. 20, 2019) and as if included in Pub. L. 116–92.]

§ 240c. Audit: consolidated corrective action plan; centralized reporting system

The Under Secretary of Defense (Comptroller) shall—

(1) on a bimonthly basis, prepare a consolidated corrective action plan management summary on the status of key corrective actions plans related to critical capabilities for the armed forces and for the components of the Department of Defense that support the armed forces; and

(2) develop and maintain a centralized monitoring and reporting process that captures and maintains up-to-date information, including the standard data elements recommended in the implementation guide for Office of Management and Budget Circular A–123, for key corrective action plans and findings and recommendations Department-wide that pertain to critical capabilities.

(Added Pub. L. 115–91, div. A, title X, §1002(d), Dec. 12, 2017, 131 Stat. 1540, §253; renumbered §240c, Pub. L. 115–232, div. A, title X, §1002(a)(1)(A), Aug. 13, 2018, 132 Stat. 1945.)

Editorial Notes

AMENDMENTS

2018—Pub. L. 115–232 renumbered section 253 of this title as this section.

§ 240d. Audits: audit of financial statements of Department of Defense components by independent external auditors

(a) AUDITS REQUIRED.—For purposes of satisfying the requirement under section 3521(e) of title 31 for audits of financial statements of Department of Defense components identified by the Director of the Office of Management and Budget under section 3515(c) of such title, the Inspector General of the Department of Defense shall obtain each year audits of the financial statements of each such component by an independent external auditor.

(b) SELECTION OF AUDITORS.—The selection of independent external auditors for purposes of subsection (a) shall be based, among other appropriate criteria, on their qualifications, independence, and capacity to conduct audits de-

scribed in subsection (a) in accordance with applicable generally accepted government auditing standards. The Inspector General shall participate in the selection of the independent external auditors.

(c) **MONITORING AUDITS.**—The Inspector General shall monitor the conduct of all audits by independent external auditors under subsection (a).

(d) **REPORTS ON AUDITS.**—

(1) **IN GENERAL.**—The Inspector General shall require the independent external auditors conducting audits under subsection (a) to submit a report on their audits each year to—

(A) the Under Secretary of Defense (Comptroller) as the Chief Financial Officer of the Department of Defense for the purposes of chapter 9 of title 31 and the Chief Management Officer of the Department of Defense;

(B) the Controller of the Office of Federal Financial Management in the Office of Management and Budget;

(C) the head of each component audited; and

(D) the appropriate committees of Congress.

(2) **APPROPRIATE COMMITTEES OF CONGRESS DEFINED.**—In this subsection, the term “appropriate committees of Congress” means—

(A) the Committee on Armed Services, the Committee on Homeland Security and Governmental Affairs, and the Committee on Appropriations of the Senate; and

(B) the Committee on Armed Services, the Committee on Oversight and Government Reform, and the Committee on Appropriations of the House of Representatives.

(e) **RELATIONSHIP TO EXISTING LAW.**—The requirements of this section—

(1) shall not be construed to alter the requirement under section 3521(e) of title 31 that the financial statements of the Department of Defense as a whole be audited by the Inspector General or by an independent external auditor, as determined by the Inspector General; and

(2) shall not be construed to limit or alter the authorities of the Comptroller General of the United States under section 3521(g) of title 31.

(Added and amended Pub. L. 115–91, div. A, title X, §1002(e)(1)–(3), Dec. 12, 2017, 131 Stat. 1541, §254; renumbered §240d, Pub. L. 115–232, div. A, title X, §1002(a)(1)(A), Aug. 13, 2018, 132 Stat. 1945.)

Editorial Notes

CODIFICATION

Text of section, as added by Pub. L. 115–91, is based on text of section 1005 of Pub. L. 114–92, div. A, title X, Nov. 25, 2015, 129 Stat. 961, which was formerly set out as a note under section 2222 of this title, prior to repeal by Pub. L. 115–91, div. A, title X, §1002(e)(4), Dec. 12, 2017, 131 Stat. 1541.

AMENDMENTS

2018—Pub. L. 115–232 renumbered section 254 of this title as this section.

2017—Subsec. (a). Pub. L. 115–91, §1002(e)(2)(B), struck out “, United States Code,” after “title 31”.

Subsec. (d)(1)(A). Pub. L. 115–91, §1002(e)(3)(A)(i), inserted “and the Chief Management Officer of the Department of Defense” before semicolon.

Pub. L. 115–91, §1002(e)(2)(A), struck out “, United States Code” after “title 31”.

Subsec. (d)(1)(C), (D). Pub. L. 115–91, §1002(e)(3)(A)(ii)–(iv), added subpar. (C) and redesignated former subpar. (C) as (D).

Subsec. (e)(1). Pub. L. 115–91, §1002(e)(3)(B), redesignated par. (2) as (1) and struck out former par. (1) which read as follows: “shall be implemented in a manner that is consistent with the requirements of section 1008 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 10 U.S.C. 113 note);”.

Subsec. (e)(2). Pub. L. 115–91, §1002(e)(3)(B)(ii), redesignated par. (3) as (2). Former par. (2) redesignated (1). Pub. L. 115–91, §1002(e)(2)(B), struck out “, United States Code,” after “title 31”.

Subsec. (e)(3). Pub. L. 115–91, §1002(e)(3)(B)(ii), redesignated par. (3) as (2).

Pub. L. 115–91, §1002(e)(2)(A), struck out “, United States Code” after “title 31”.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019.

TRANSPARENCY OF ACCOUNTING FIRMS USED TO SUPPORT DEPARTMENT OF DEFENSE AUDIT

Pub. L. 115–232, div. A, title X, §1006, Aug. 13, 2018, 132 Stat. 1947, as amended by Pub. L. 116–92, div. A, title X, §1011, Dec. 20, 2019, 133 Stat. 1577, provided that:

“(a) **IN GENERAL.**—For all contract actions (including awards, renewals, and amendments) occurring more than 180 days after the date of the enactment of this Act [Aug. 13, 2018], the Secretary of Defense shall require any accounting firm providing financial statement auditing or audit remediation services to the Department of Defense in support of the audit required under section 3521 of title 31, United States Code, to provide the Department with a statement setting forth the details of any disciplinary proceedings with respect to the accounting firm or its associated persons before any entity with the authority to enforce compliance with rules or laws applying to audit services offered by accounting firms.

“(b) **TREATMENT OF STATEMENT.**—A statement setting forth the details of a disciplinary proceeding submitted pursuant to subsection (a), and the information contained in such a statement, shall be—

“(1) treated as confidential to the extent required by the court or agency in which the proceeding has occurred; and

“(2) treated in a manner consistent with any protections or privileges established by any other provision of Federal law.”

§ 240e. Audits: use of commercial data integration and analysis products in preparing audits

(a) **DEPLOYMENT OF DATA ANALYTICS CAPABILITIES.**—The Secretary of Defense shall use competitive procedures under chapter 137¹ of this title to procure or develop technologies or services, including those based on commercially available information technologies and services to improve data collection and analyses to support preparation of auditable financial statements for the Department of Defense.

(b) **USE OF FUNDING AND RESOURCES.**—The Secretary of Defense may use science and tech-

¹ See References in Text note below.