

(Added Pub. L. 116–92, div. A, title X, §1002(a), Dec. 20, 2019, 133 Stat. 1570; amended Pub. L. 116–283, div. A, title X, §1005(a), Jan. 1, 2021, 134 Stat. 3837; Pub. L. 117–81, div. A, title X, §1081(a)(8), Dec. 27, 2021, 135 Stat. 1920.)

#### Editorial Notes

##### AMENDMENTS

2021—Subsec. (a)(3). Pub. L. 117–81 substituted a semicolon for “; and” at end.

Subsec. (a)(4), (5). Pub. L. 116–283 added pars. (4) and (5).

#### § 240h. Annual report on auditable financial statements

(a) IN GENERAL.—Not later than January 30 of each year, the Secretary of Defense shall submit to the congressional defense committees a report that includes a ranking of all of the military departments and Defense Agencies in order of how advanced each such department and Agency is in achieving auditable financial statements, as required by law. In preparing the report, the Secretary shall seek to exclude information that is otherwise available in other reports to Congress.

(b) BOTTOM QUARTILE.—Not later than June 30 of each year, the head of each of the military departments and Defense Agencies that were ranked in the bottom quartile of the report submitted under subsection (a) for that year shall submit to the congressional defense committees a report that includes the following information for that military department or Defense Agency:

(1) A description of the material weaknesses of the military department or Defense Agency.

(2) The underlying causes of such weaknesses.

(3) A plan for remediating such weaknesses.

(4) The total number of open audit notices of findings and recommendations (hereinafter referred to as “NFRs”) for the most recently concluded fiscal year and the preceding two fiscal years, where applicable.

(5) The number of repeat or reissued NFRs from the most recently concluded fiscal year.

(6) The number of NFRs that were previously forecasted to be closed during the most recently concluded fiscal year that remain open.

(7) The number of closed NFRs during the current fiscal year and prior fiscal years.

(8) The number of material weaknesses that were validated by external auditors as fully resolved or downgraded in the current fiscal year over prior fiscal years.

(9) A breakdown by fiscal years in which open NFRs are forecasted to be closed.

(10) Explanations for unfavorable trends in the information under paragraphs (1) through (9).

(Added Pub. L. 116–92, div. A, title X, §1004(a)(1), Dec. 20, 2019, 133 Stat. 1572.)

#### § 240i. Annual report on unfunded priorities

(a) IN GENERAL.—Not later than 10 days after the date on which the budget of the President for a fiscal year is submitted to Congress pursuant to section 1105 of title 31, the Under Secretary of Defense (Comptroller) shall submit to

the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the congressional defense committees a report on unfunded priorities of the Department of Defense related to audit readiness and remediation.

(b) ELEMENTS.—(1) Each report under subsection (a) shall include, for each unfunded priority covered by such report, the following:

(A) A summary description of such priority, including the objectives to be achieved if such priority were to be funded (whether in whole or in part).

(B) The additional amount of funds recommended in connection with the objectives identified under subparagraph (A).

(C) Account information with respect to such priority, including, as applicable, the following:

(i) Line item number, in the case of applicable procurement accounts.

(ii) Program element number, in the case of applicable research, development, test, and evaluation accounts.

(iii) Sub-activity group, in the case of applicable operation and maintenance accounts.

(2) The Under Secretary shall ensure that the unfunded priorities covered by a report under subsection (a) are listed in the order of urgency of priority, as determined by the Under Secretary.

(c) UNFUNDED PRIORITY DEFINED.—In this section, the term “unfunded priority”, with respect to a fiscal year, means an activity related to an audit readiness or remediation effort stemming from a relevant requirement under the Chief Financial Officer Act<sup>1</sup> (Public Law 101–576), chapter 9 of title 31, or this chapter that—

(1) is not funded in the budget of the President for that fiscal year, as submitted to Congress pursuant to section 1105 of title 31;

(2) is necessary to address a shortfall in an audit readiness or remediation activity; and

(3) would have been recommended for funding through the budget referred to in paragraph (1) if—

(A) additional resources had been available for the budget to fund the program, activity, or mission requirement; or

(B) the program, activity, or mission requirement had emerged before the budget was formulated.

(Added Pub. L. 116–283, div. A, title X, §1005(b)(1), Jan. 1, 2021, 134 Stat. 3837.)

#### Editorial Notes

##### REFERENCES IN TEXT

The Chief Financial Officer Act, referred to in subsec. (c), probably means the Chief Financial Officers Act of 1990, Pub. L. 101–576, Nov. 15, 1990, 104 Stat. 2838. For complete classification of this Act to the Code, see Short Title of 1990 Amendment note set out under section 501 of Title 31, Money and Finance, and Tables.

#### [[§ 251 to 254b. Renumbered §§ 240a to 240f]

#### CHAPTER 11—RESERVE COMPONENTS

Sec. 241. Reference to chapters 1003, 1005, and 1007.

<sup>1</sup> See References in Text note below.