

(ii) the specific identification, as a budgetary line item, for the funding under such programs.

(B) An assessment of the budget, including significant changes, priorities, challenges, and risks.

(C) Any additional matters the Secretary determines appropriate.

(3) Each report under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

(c) DEFINITIONS.—In this section:

(1) The term “budget”, with respect to a fiscal year, means the budget for that fiscal year that is submitted to Congress by the President under section 1105(a) of title 31.

(2) The term “defense budget materials”, with respect to a fiscal year, means the materials submitted to Congress by the Secretary of Defense in support of the budget for that fiscal year.

(3) The term “missile defense and defeat programs” means active and passive ballistic missile defense programs, cruise missile defense programs for the homeland, and missile defeat programs.

(Added Pub. L. 115–91, div. A, title XVI, §1676(a)(1), Dec. 12, 2017, 131 Stat. 1771.)

§ 239b. Certain intelligence-related programs: budget justification materials

(a) PROHIBITION ON USE OF PROGRAM ELEMENTS.—In the budget justification materials submitted to Congress in support of the Department of Defense budget for fiscal year 2021 and each fiscal year thereafter (as submitted with the budget of the President under section 1105(a) of title 31), the Secretary of Defense may not include in any single program element both funds made available under the Military Intelligence Program and funds made available outside of the Military Intelligence Program.

(b) DEFINITIONS.—In this section:

(1) The term “budget” has the meaning given that term in section 231(f) of this title.

(2) The term “defense budget materials” has the meaning given that term in section 231(f) of this title.

(Added Pub. L. 115–232, div. A, title XVI, §1624(b)(1), Aug. 13, 2018, 132 Stat. 2120.)

§ 239c. Certain multiyear contracts for acquisition of property: budget justification materials

(a) IN GENERAL.—In the budget justification materials submitted to Congress in support of the Department of Defense budget for fiscal year 2023 and each fiscal year thereafter (as submitted with the budget of the President under section 1105(a) of title 31), the Secretary of Defense shall include a proposal for any multiyear contract of the Department entered into under section 3501 of this title that—

(1) the head of an agency intends to cancel during the fiscal year; or

(2) with respect to which the head of an agency intends to effect a covered modification during the fiscal year.

(b) ELEMENTS.—Each proposal required by subsection (a) shall include the following:

(1) A detailed assessment of any expected termination costs associated with the proposed cancellation or covered modification of the multiyear contract.

(2) An updated assessment of estimated savings of such cancellation or carrying out the multiyear contract as modified by such covered modification.

(3) An explanation of the proposed use of previously appropriated funds for advance procurement or procurement of property planned under the multiyear contract before such cancellation or covered modification.

(4) An assessment of expected impacts of the proposed cancellation or covered modification on the defense industrial base, including workload stability, loss of skilled labor, and reduced efficiencies.

(c) DEFINITIONS.—In this section:

(1) The term “covered modification” means a modification that will result in a reduction in the quantity of end items to be procured.

(2) The term “head of an agency” means—

(A) the Secretary of Defense;

(B) the Secretary of the Army;

(C) the Secretary of the Navy; or

(D) the Secretary of the Air Force.

(Added Pub. L. 117–81, div. A, title VIII, §811(a), Dec. 27, 2021, 135 Stat. 1822; amended Pub. L. 116–283, div. A, title XVIII, §1883(b)(2), Jan. 1, 2021, 134 Stat. 4294.)

Editorial Notes

AMENDMENTS

2021—Subsec. (a). Pub. L. 116–283, which directed that each reference in the text of title 10 to a section that was redesignated by title XVIII of Pub. L. 116–283, as such section was in effect before the redesignation, be amended by striking such reference and inserting a reference to the appropriate redesignated section, was executed by substituting “section 3501” for “section 2306b”. Section 1822(b) of title XVIII of Pub. L. 116–283 directed the redesignation of section 2306b of this title as section 3501, but such redesignation was executed by transferring the text of section 2306b to section 3501, as the section designation and catchline had already been enacted.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by Pub. L. 116–283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as a note preceding section 3001 of this title.

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.

- Sec.
 240g. Defense Business Audit Remediation Plan.
 240h. Annual report on auditable financial statements.
 240i. Annual report on unfunded priorities.
 [251 to 254 Renumbered.]

Editorial Notes

AMENDMENTS

- 2021—Pub. L. 116–283, div. A, title X, §1005(b)(2), Jan. 1, 2021, 134 Stat. 3838, added item 240i.
 2019—Pub. L. 116–92, div. A, title X, §§1002(b), 1004(a)(2), Dec. 20, 2019, 133 Stat. 1571, 1573, added items 240g and 240h.
 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.)

Editorial Notes

AMENDMENTS

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

Statutory Notes and Related Subsidiaries

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 each fiscal year after fiscal year 2020 occurs by not later than March 31 following such fiscal year;

(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