

days after the date on which such final regulations are published.”

PILOT PROGRAMS FOR TESTING PROGRAM MANAGER PERFORMANCE OF PRODUCT SUPPORT OVERSIGHT RESPONSIBILITIES FOR LIFE CYCLE OF ACQUISITION PROGRAMS

Pub. L. 105-261, div. A, title VIII, §816, Oct. 17, 1998, 112 Stat. 2088, authorized the Secretary of Defense to designate 10 acquisition programs of the military departments as pilot programs on program manager responsibility for product support and required report to Congress by Feb. 1, 1999.

ENHANCED SYSTEM OF PERFORMANCE INCENTIVES

Pub. L. 103-355, title V, §5001(b), Oct. 13, 1994, 108 Stat. 3350, provided that, within one year after Oct. 13, 1994, the Secretary of Defense should review the incentives and personnel actions available for encouraging excellence in the management of defense acquisition programs and provide an enhanced system of incentives, including pay for performance, to facilitate the achievement of goals approved or defined pursuant to subsec. (a) of this section.

RECOMMENDED LEGISLATION

Pub. L. 103-355, title V, §5001(c), Oct. 13, 1994, 108 Stat. 3350, directed the Secretary of Defense, not later than one year after Oct 13, 1994, to submit to Congress any recommended legislation that the Secretary considered necessary to carry out this section and otherwise to facilitate and enhance management of Department of Defense acquisition programs on the basis of performance.

[§ 2221. Repealed. Pub. L. 105-261, div. A, title IX, § 906(f)(1), Oct. 17, 1998, 112 Stat. 2096]

Section, added Pub. L. 104-106, div. A, title IX, §914(a)(1), Feb. 10, 1996, 110 Stat. 412; amended Pub. L. 104-201, div. A, title X, §1008(a), Sept. 23, 1996, 110 Stat. 2633; Pub. L. 105-85, div. A, title X, §1006(a), Nov. 18, 1997, 111 Stat. 1869; Pub. L. 105-261, div. A, title X, §1069(b)(2), Oct. 17, 1998, 112 Stat. 2136, related to Fisher House trust funds. See section 2493 of this title.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Repeal effective 90 days after Oct. 17, 1998, see section 906(f)(3) of Pub. L. 105-261, set out as an Effective Date of 1998 Amendment note under section 1321 of Title 31, Money and Finance.

§ 2222. Defense business systems: business process reengineering; enterprise architecture; management

(a) **DEFENSE BUSINESS PROCESSES GENERALLY.**—The Secretary of Defense shall ensure that defense business processes are reviewed, and as appropriate revised, through business process reengineering to match best commercial practices, to the maximum extent practicable, so as to minimize customization of commercial business systems.

(b) **DEFENSE BUSINESS SYSTEMS GENERALLY.**—The Secretary of Defense shall ensure that each covered defense business system developed, deployed, and operated by the Department of Defense—

- (1) supports efficient business processes that have been reviewed, and as appropriate revised, through business process reengineering;
- (2) is integrated into a comprehensive defense business enterprise architecture;
- (3) is managed in a manner that provides visibility into, and traceability of, expenditures for the system; and

(4) uses an acquisition and sustainment strategy that prioritizes the use of commercial software and business practices.

(c) **ISSUANCE OF GUIDANCE.**—

(1) **SECRETARY OF DEFENSE GUIDANCE.**—The Secretary shall issue guidance to provide for the coordination of, and decision making for, the planning, programming, and control of investments in covered defense business systems.

(2) **SUPPORTING GUIDANCE.**—The Secretary shall direct the Chief Information Officer of the Department of Defense, the Under Secretary of Defense for Acquisition and Sustainment, and the Chief Information Officer of each of the military departments to issue and maintain supporting guidance, as appropriate and within their respective areas of responsibility, for the guidance of the Secretary issued under paragraph (1).

(d) **GUIDANCE ELEMENTS.**—The guidance issued under subsection (c) shall include the following elements:

(1) Policy to ensure that the business processes of the Department of Defense are continuously reviewed and revised—

(A) to implement the most streamlined and efficient business processes practicable; and

(B) to eliminate or reduce the need to tailor commercial off-the-shelf systems to meet or incorporate requirements or interfaces that are unique to the Department of Defense.

(2) A process to establish requirements for covered defense business systems.

(3) Mechanisms for the planning and control of investments in covered defense business systems, including a process for the collection and review of programming and budgeting information for covered defense business systems.

(4) Policy requiring the periodic review of covered defense business systems that have been fully deployed, by portfolio, to ensure that investments in such portfolios are appropriate.

(5) Policy to ensure full consideration of sustainability and technological refreshment requirements, and the appropriate use of open architectures.

(6) Policy to ensure that best acquisition and systems engineering practices are used in the procurement and deployment of commercial systems, modified commercial systems, and defense-unique systems to meet Department of Defense missions.

(7) Policy to ensure a covered defense business system is in compliance with the Department's auditability requirements.

(8) Policy to ensure approvals required for the development of a covered defense business system.

(e) **DEFENSE BUSINESS ENTERPRISE ARCHITECTURE.**—

(1) **BLUEPRINT.**—The Secretary, working through the Chief Information Officer of the Department of Defense, shall develop and maintain a blueprint to guide the development

of integrated business processes within the Department of Defense. Such blueprint shall be known as the “defense business enterprise architecture”.

(2) PURPOSE.—The defense business enterprise architecture shall be sufficiently defined to effectively guide implementation of interoperable defense business system solutions and shall be consistent with the policies and procedures established by the Director of the Office of Management and Budget.

(3) ELEMENTS.—The defense business enterprise architecture shall—

(A) include policies, procedures, business data standards, business performance measures, and business information requirements that apply uniformly throughout the Department of Defense; and

(B) enable the Department of Defense to—

(i) comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

(ii) routinely produce verifiable, timely, accurate, and reliable business and financial information for management purposes;

(iii) integrate budget, accounting, and program information and systems; and

(iv) identify whether each existing business system is a part of the business systems environment outlined by the defense business enterprise architecture, will become a part of that environment with appropriate modifications, or is not a part of that environment.

(4) INTEGRATION INTO INFORMATION TECHNOLOGY ARCHITECTURE.—(A) The defense business enterprise architecture shall be integrated into the information technology enterprise architecture required under subparagraph (B).

(B) The Chief Information Officer of the Department of Defense shall develop an information technology enterprise architecture. The architecture shall describe a plan for improving the information technology and computing infrastructure of the Department of Defense, including for each of the major business processes conducted by the Department of Defense.

(5) COMMON ENTERPRISE DATA.—The defense business enterprise shall include enterprise data that may be automatically extracted from the relevant systems to facilitate Department of Defense-wide analysis and management of its business operations.

(6) ROLES AND RESPONSIBILITIES.—

(A) The Chief Information Officer of the Department of Defense, in coordination with the Chief Data and Artificial Intelligence Officer, shall have primary decision-making authority with respect to the development of common enterprise data. In consultation with the Defense Business Council, the Chief Information Officer shall—

(i) develop an associated data governance process; and

(ii) oversee the preparation, extraction, and provision of data across the defense business enterprise.

(B) The Chief Information Officer and the Under Secretary of Defense (Comptroller) shall—

(i) in consultation with the Defense Business Council, document and maintain any common enterprise data for their respective areas of authority;

(ii) participate in any related data governance process;

(iii) extract data from defense business systems as needed to support priority activities and analyses;

(iv) when appropriate, ensure the source data is the same as that used to produce the financial statements subject to annual audit;

(v) in consultation with the Defense Business Council, provide access, except as otherwise provided by law or regulation, to such data to the Office of the Secretary of Defense, the Joint Staff, the military departments, the combatant commands, the Defense Agencies, the Department of Defense Field Activities, and all other offices, agencies, activities, and commands of the Department of Defense; and

(vi) ensure consistency of the common enterprise data maintained by their respective organizations.

(C) The Director of Cost Assessment and Program Evaluation shall have access to data for the purpose of executing missions as designated by the Secretary of Defense.

(D) The Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretaries of the military departments, commanders of combatant commands, the heads of the Defense Agencies, the heads of the Department of Defense Field Activities, and the heads of all other offices, agencies, activities, and commands of the Department of Defense shall provide access to the relevant system of such department, combatant command, Defense Agency, Defense Field Activity, or office, agency, activity, and command organization, as applicable, and data extracted from such system, for purposes of automatically populating data sets coded with common enterprise data.

(f) DEFENSE BUSINESS COUNCIL.—

(1) REQUIREMENT FOR COUNCIL.—The Secretary shall establish a Defense Business Council to provide advice to the Secretary on developing the defense business enterprise architecture, reengineering the Department's business processes, developing and deploying defense business systems, and developing requirements for defense business systems. The Council shall be co-chaired by the Chief Information Officer and the Performance Improvement Officer of the Department of Defense.

(2) MEMBERSHIP.—The membership of the Council shall include the following:

(A) The Chief Information Officers of the military departments, or their designees.

(B) The Chief Management Officers of the military departments, or their designees.

(C) The following officials of the Department of Defense, or their designees:

(i) The Under Secretary of Defense for Acquisition and Sustainment with respect to acquisition, logistics, and installations management processes.

(ii) The Under Secretary of Defense (Comptroller) with respect to financial management and planning and budgeting processes.

(iii) The Under Secretary of Defense for Personnel and Readiness with respect to human resources management processes.

(iv) The Chief Data and Artificial Intelligence Officer of the Department of Defense.

(g) APPROVALS REQUIRED FOR DEVELOPMENT.—

(1) INITIAL APPROVAL REQUIRED.—The Secretary shall ensure that a covered defense business system program cannot proceed into development (or, if no development is required, into production or fielding) unless the appropriate approval official (as specified in paragraph (2)) determines that—

(A) the system has been, or is being, re-engineered to be as streamlined and efficient as practicable, and the implementation of the system will maximize the elimination of unique software requirements and unique interfaces;

(B) the system and business system portfolio are or will be in compliance with the defense business enterprise architecture developed pursuant to subsection (e) or will be in compliance as a result of modifications planned;

(C) the system has valid, achievable requirements and a viable plan for implementing those requirements (including, as appropriate, market research, business process reengineering, and prototyping activities);

(D) the system has an acquisition strategy designed to eliminate or reduce the need to tailor commercial off-the-shelf systems to meet unique requirements, incorporate unique requirements, or incorporate unique interfaces to the maximum extent practicable; and

(E) the system is in compliance with the Department's auditability requirements.

(2) APPROPRIATE OFFICIAL.—For purposes of paragraph (1), the appropriate approval official with respect to a covered defense business system is the following:

(A) Except as may be provided in subparagraph (C), in the case of a priority defense business system, the Chief Information Officer of the Department of Defense.

(B) Except as may be provided in subparagraph (C), for any defense business system other than a priority defense business system—

(i) in the case of a system of a military department, the Chief Information Officer of that military department; and

(ii) in the case of a system of a Defense Agency or Department of Defense Field Activity, or a system that will support the business process of more than one military department or Defense Agency or Department of Defense Field Activity, the Chief Information Officer of the Department of Defense.

(C) In the case of any defense business system, such official other than the applicable

official under subparagraph (A) or (B) as the Secretary designates for such purpose.

(3) ANNUAL CERTIFICATION.—For any fiscal year in which funds are expended for development or sustainment pursuant to a covered defense business system program, the appropriate approval official shall review the system and certify, certify with conditions, or decline to certify, as the case may be, that it continues to satisfy the requirements of paragraph (1). If the approval official determines that certification cannot be granted, the approval official shall notify the milestone decision authority for the program and provide a recommendation for corrective action.

(4) OBLIGATION OF FUNDS IN VIOLATION OF REQUIREMENTS.—The obligation of Department of Defense funds for a covered defense business system program that has not been certified in accordance with paragraph (3) is a violation of section 1341(a)(1)(A) of title 31.

(h) RESPONSIBILITY OF MILESTONE DECISION AUTHORITY.—The milestone decision authority for a covered defense business system program shall be responsible for the acquisition of such system and shall ensure that acquisition process approvals are not considered for such system until the relevant certifications and approvals have been made under this section.

(i) DEFINITIONS.—In this section:

(1)(A) DEFENSE BUSINESS SYSTEM.—The term “defense business system” means an information system that is operated by, for, or on behalf of the Department of Defense, including any of the following:

- (i) A financial system.
- (ii) A financial data feeder system.
- (iii) A contracting system.
- (iv) A logistics system.
- (v) A planning and budgeting system.
- (vi) An installations management system.
- (vii) A human resources management system.
- (viii) A training and readiness system.

(B) The term does not include—

- (i) a national security system; or
- (ii) an information system used exclusively by and within the defense commissary system or the exchange system or other instrumentality of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces using nonappropriated funds.

(2) COVERED DEFENSE BUSINESS SYSTEM.—The term “covered defense business system” means a defense business system that is expected to have a total amount of budget authority, over the period of the current future-years defense program submitted to Congress under section 221 of this title, in excess of \$50,000,000.

(3) BUSINESS SYSTEM PORTFOLIO.—The term “business system portfolio” means all business systems performing functions closely related to the functions performed or to be performed by a covered defense business system.

(4) COVERED DEFENSE BUSINESS SYSTEM PROGRAM.—The term “covered defense business system program” means a defense acquisition

program to develop and field a covered defense business system or an increment of a covered defense business system.

(5) PRIORITY DEFENSE BUSINESS SYSTEM.—The term “priority defense business system” means a defense business system that is—

(A) expected to have a total amount of budget authority over the period of the current future-years defense program submitted to Congress under section 221 of this title in excess of \$250,000,000; or

(B) designated by the Chief Information Officer of the Department of Defense as a priority defense business system, based on specific program analyses of factors including complexity, scope, and technical risk, and after notification to Congress of such designation.

(6) ENTERPRISE ARCHITECTURE.—The term “enterprise architecture” has the meaning given that term in section 3601(4) of title 44.

(7) INFORMATION SYSTEM.—The term “information system” has the meaning given that term in section 11101 of title 40, United States Code.

(8) NATIONAL SECURITY SYSTEM.—The term “national security system” has the meaning given that term in section 3552(b)(6)(A) of title 44.

(9) BUSINESS PROCESS MAPPING.—The term “business process mapping” means a procedure in which the steps in a business process are clarified and documented in both written form and in a flow chart.

(10) COMMON ENTERPRISE DATA.—The term “common enterprise data” means business operations or management-related data, generally from defense business systems, in a usable format that is automatically accessible by authorized personnel and organizations.

(11) DATA GOVERNANCE PROCESS.—The term “data governance process” means a system to manage the timely Department of Defense-wide sharing of data described under subsection (e)(6)(A).

(Added Pub. L. 108–375, div. A, title III, § 332(a)(1), Oct. 28, 2004, 118 Stat. 1851; amended Pub. L. 109–364, div. A, title IX, § 906(a), Oct. 17, 2006, 120 Stat. 2354; Pub. L. 110–417, [div. A], title III, § 351, Oct. 14, 2008, 122 Stat. 4425; Pub. L. 111–84, div. A, title X, § 1072(a), Oct. 28, 2009, 123 Stat. 2470; Pub. L. 111–383, div. A, title X, § 1075(b)(29), Jan. 7, 2011, 124 Stat. 4370; Pub. L. 112–81, div. A, title IX, § 901, Dec. 31, 2011, 125 Stat. 1527; Pub. L. 112–239, div. A, title IX, § 906, Jan. 2, 2013, 126 Stat. 1869; Pub. L. 113–66, div. A, title IX, § 901, Dec. 26, 2013, 127 Stat. 815; Pub. L. 113–283, § 2(e)(5)(A), Dec. 18, 2014, 128 Stat. 3087; Pub. L. 113–291, div. A, title VIII, § 803, title IX, § 901(d), (k)(3), title X, § 1071(f)(16), Dec. 19, 2014, 128 Stat. 3427, 3463, 3468, 3511; Pub. L. 114–92, div. A, title VIII, § 883(a)(1), (f), title X, § 1081(a)(7), Nov. 25, 2015, 129 Stat. 942, 1001; Pub. L. 114–328, div. A, title X, § 1081(a)(6), (c)(5), Dec. 23, 2016, 130 Stat. 2417, 2419; Pub. L. 115–91, div. A, title IX, § 912(a), title X, § 1081(b)(2), Dec. 12, 2017, 131 Stat. 1519, 1597; Pub. L. 115–232, div. A, title X, § 1081(f)(1)(A)(ii), Aug. 13, 2018, 132 Stat. 1986; Pub. L. 116–92, div. A, title VIII, § 839(a), title IX, § 902(25), title XVII, § 1731(a)(31), Dec. 20, 2019, 133

Stat. 1498, 1545, 1814; Pub. L. 117–263, div. A, title IX, § 902, Dec. 23, 2022, 136 Stat. 2748; Pub. L. 118–159, div. A, title IX, § 902(b), Dec. 23, 2024, 138 Stat. 2026.)

Editorial Notes

PRIOR PROVISIONS

A prior section 2222, added Pub. L. 105–85, div. A, title X, § 1008(a)(1), Nov. 18, 1997, 111 Stat. 1870; amended Pub. L. 107–107, div. A, title X, § 1009(b)(1)–(3)(A), Dec. 28, 2001, 115 Stat. 1208, 1209, required Secretary of Defense to submit to Congress an annual strategic plan for improvement of financial management within Department of Defense and specified statements and matters to be included in the plan, prior to repeal by Pub. L. 107–314, div. A, title X, § 1004(h)(1), Dec. 2, 2002, 116 Stat. 2631.

AMENDMENTS

2024—Subsec. (f)(1). Pub. L. 118–159 substituted “co-chaired” for “chaired” and inserted “and the Performance Improvement Officer” after “Chief Information Officer”.

2022—Subsec. (c)(2). Pub. L. 117–263, § 902(1), substituted “the Chief Information Officer of the Department of Defense, the Under Secretary of Defense for Acquisition and Sustainment, and the Chief Information Officer” for “the Chief Management Officer of the Department of Defense, the Under Secretary of Defense for Acquisition and Sustainment, the Chief Information Officer, and the Chief Management Officer”.

Subsec. (e)(1). Pub. L. 117–263, § 902(2)(A), substituted “the Chief Information Officer” for “the Chief Management Officer”.

Subsec. (e)(6)(A). Pub. L. 117–263, § 902(2)(B)(i), in introductory provisions, substituted “The Chief Information Officer of the Department of Defense, in coordination with the Chief Data and Artificial Intelligence Officer,” for “The Chief Management Officer of the Department of Defense” and “the Chief Information Officer shall—” for “the Chief Management Officer shall—”.

Subsec. (e)(6)(B). Pub. L. 117–263, § 902(2)(B)(ii), substituted “The Chief Information Officer” for “The Chief Management Officer” in introductory provisions.

Subsec. (f)(1). Pub. L. 117–263, § 902(3)(A), struck out “the Chief Management Officer and” before “the Chief Information Officer”.

Subsec. (f)(2). Pub. L. 117–263, § 902(3)(B)(i), (ii), added subpar. (A) and redesignated former subpars. (A) and (B) as (B) and (C), respectively.

Subsec. (f)(2)(C)(iv). Pub. L. 117–263, § 902(3)(B)(iii), added cl. (iv).

Subsec. (g)(2). Pub. L. 117–263, § 902(4), substituted “the Chief Information Officer” for “the Chief Management Officer” wherever appearing.

Subsec. (i)(5)(B). Pub. L. 117–263, § 902(5), substituted “the Chief Information Officer” for “the Chief Management Officer”.

2019—Subsec. (c)(2). Pub. L. 116–92, § 902(25)(A), substituted “Under Secretary of Defense for Acquisition and Sustainment” for “Under Secretary of Defense for Acquisition, Technology, and Logistics”.

Subsec. (d). Pub. L. 116–92, § 839(a)(1), substituted “subsection (c)” for “subsection (c)(1)” in introductory provisions.

Subsec. (d)(7), (8). Pub. L. 116–92, § 839(a)(2), added pars. (7) and (8).

Subsec. (f)(2)(B)(i). Pub. L. 116–92, § 902(25)(B), substituted “Under Secretary of Defense for Acquisition and Sustainment” for “Under Secretary of Defense for Acquisition, Technology, and Logistics”.

Subsec. (i)(11). Pub. L. 116–92, § 1731(a)(31), substituted “subsection (e)(6)(A)” for “subsection (a)(6)(A)”.

2018—Pub. L. 115–232 substituted “Chief Management Officer” for “Deputy Chief Management Officer” in subsec. (c)(2) after “shall direct the” and in subsecs. (e)(1), (f)(1), (g)(2)(A), (B)(ii), and (i)(5)(B).

2017—Subsecs. (c)(2), (e)(1). Pub. L. 115–91, §1081(b)(2), repealed Pub. L. 114–92, §883(f)(1)(A). See 2015 Amendment notes below.

Subsec. (e)(5), (6). Pub. L. 115–91, §912(a)(1), added pars. (5) and (6).

Subsec. (f)(1). Pub. L. 115–91, §1081(b)(2), repealed Pub. L. 114–92, §883(f)(1)(B). See 2015 Amendment note below.

Subsecs. (g)(2)(A), (B)(ii), (i)(5)(B). Pub. L. 115–91, §1081(b)(2), repealed Pub. L. 114–92, §883(f)(1)(A). See 2015 Amendment notes below.

Subsec. (i)(10), (11). Pub. L. 115–91, §912(a)(2), added pars. (10) and (11).

2016—Pub. L. 114–328, §1081(c)(5), added subsec. (f) to section 883 of Pub. L. 114–92. See 2015 Amendment notes below.

Subsec. (d)(1)(B). Pub. L. 114–328, §1081(a)(6)(A), inserted “to” before “eliminate”.

Subsec. (g)(1)(E). Pub. L. 114–328, §1081(a)(6)(B), inserted “the system” before “is in compliance”.

Subsec. (i)(5). Pub. L. 114–328, §1081(a)(6)(C), struck out “program” after “system” in heading.

2015—Pub. L. 114–92, §883(f)(2), as added by Pub. L. 114–328, §1081(c)(5), repealed second par. (3) of section 901(k) of Pub. L. 113–291. See 2014 Amendment notes below.

Pub. L. 114–92, §883(a)(1), amended section generally. Prior to amendment, section related to architecture, accountability, and modernization of defense business systems.

Subsecs. (c)(2), (e)(1). Pub. L. 114–92, §883(f)(1)(A), as added by Pub. L. 114–328, §1081(c)(5), which directed the substitution of “Under Secretary of Defense for Business Management and Information” for “Deputy Chief Management Officer of the Department of Defense”, was repealed by Pub. L. 115–91, §1081(b)(2).

Subsec. (f)(1). Pub. L. 114–92, §883(f)(1)(B), as added by Pub. L. 114–328, §1081(c)(5), which directed the substitution of “Under Secretary of Defense for Business Management and Information” for “Deputy Chief Management Officer”, was repealed by Pub. L. 115–91, §1081(b)(2).

Subsecs. (g)(2)(A), (B)(ii), (i)(5)(B). Pub. L. 114–92, §883(f)(1)(A), as added by Pub. L. 114–328, §1081(c)(5), which directed the substitution of “Under Secretary of Defense for Business Management and Information” for “Deputy Chief Management Officer of the Department of Defense”, was repealed by Pub. L. 115–91, §1081(b)(2).

Subsec. (j)(5). Pub. L. 114–92, §1081(a)(7), substituted “section 3552(b)(6)” for “section 3552(b)(5)”. Amendment was executed prior to amendment by Pub. L. 114–92, §883(a)(1), see above, pursuant to section 1081(e) of Pub. L. 114–92, set out as a note under section 101 of this title.

2014—Subsec. (a). Pub. L. 113–291, §901(d)(1), inserted “and” at end of par. (1), substituted period for “; and” at end of par. (2), and struck out par. (3) which read as follows: “the certification of the investment review board under paragraph (2) has been approved by the Defense Business Systems Management Committee established by section 186 of this title.”

Subsec. (a)(1)(A). Pub. L. 113–291, §803(b)(1), inserted “, including business process mapping,” after “re-engineering efforts”.

Subsec. (c)(1). Pub. L. 113–291, §901(d)(2), substituted “investment review board established under subsection (g)” for “Defense Business Systems Management Committee” in introductory provisions.

Subsecs. (c)(2)(E), (f)(1)(D), (E), (2)(E). Pub. L. 113–291, §901(k)(3), which directed substitution of “the Under Secretary of Defense for Business Management and Information” for “the Deputy Chief Management Officer of the Department of Defense”, but could not be executed following the general amendment of the section by Pub. L. 114–92, was repealed by Pub. L. 114–92, §883(f)(2), as added by Pub. L. 114–328, §1081(c)(5). See 2015 and 2016 Amendment notes above.

Subsec. (g)(1). Pub. L. 113–291, §901(k)(3), which directed substitution of “the Under Secretary of Defense for Business Management and Information” for “the Deputy Chief Management Officer of the Department of

Defense”, but could not be executed following the general amendment of the section by Pub. L. 114–92, was repealed by Pub. L. 114–92, §883(f)(2), as added by Pub. L. 114–328, §1081(c)(5). See 2015 and 2016 Amendment notes above.

Pub. L. 113–291, §901(d)(3)(A), struck out “, not later than March 15, 2012,” before “to establish an investment review board”.

Subsec. (g)(2)(C). Pub. L. 113–291, §901(d)(3)(B), substituted “the investment review” for “each investment review” in introductory provisions.

Subsec. (g)(2)(F). Pub. L. 113–291, §901(d)(3)(C), struck out “and the Defense Business Systems Management Committee, as required by section 186(c) of this title,” after “Secretary of Defense”.

Subsec. (g)(3). Pub. L. 113–291, §1071(f)(16), struck out “(A)” after “(3)”.

Subsec. (g)(3)(A). Pub. L. 113–291, §901(k)(3), which directed substitution of “Under Secretary of Defense for Business Management and Information” for “Deputy Chief Management Officer” the first place appearing, and “Under Secretary” for “Deputy Chief Management Officer” the second, third, and fourth places appearing, but could not be executed following the general amendment of the section by Pub. L. 114–92, was repealed by Pub. L. 114–92, §883(f)(2), as added by Pub. L. 114–328, §1081(c)(5). See 2015 and 2016 Amendment notes above.

Subsec. (j)(1). Pub. L. 113–291, §803(a), designated existing provisions as subpar. (A), struck out “, other than a national security system,” after “information system”, and added subpar. (B).

Subsec. (j)(5). Pub. L. 113–283 substituted “section 3552(b)(5)” for “section 3542(b)(2)”.

Subsec. (j)(6). Pub. L. 113–291, §803(b)(2), added par. (6).

2013—Subsec. (e)(1). Pub. L. 113–66, §901(1), substituted “target defense business systems computing environment described in subsection (d)(3)” for “defense business enterprise architecture”.

Subsec. (e)(2). Pub. L. 113–66, §901(2), substituted “that will be phased out of the defense business systems computing environment within three years after review and certification as ‘legacy systems’ by the investment management process established under subsection (g)” for “existing as of September 30, 2011 (known as ‘legacy systems’) that will not be part of the defense business enterprise architecture” and struck out “that provides for reducing the use of those legacy systems in phases” before period at end.

Subsec. (e)(3). Pub. L. 113–66, §901(3), substituted “existing systems that are part of the target defense business systems computing environment” for “legacy systems (referred to in subparagraph (B)) that will be a part of the target defense business systems computing environment described in subsection (d)(3)”.

Subsec. (g)(3). Pub. L. 112–239 added par. (3).

2011—Pub. L. 112–81 amended section generally. Prior to amendment, section related to architecture, accountability, and modernization of defense business systems.

Subsec. (a). Pub. L. 111–383 substituted “Funds” for “Effective October 1, 2005, funds”.

2009—Subsec. (a). Pub. L. 111–84, §1072(a)(1)(A), (B), added par. (1) and redesignated former pars. (1) and (2) as (2) and (3), respectively.

Subsec. (a)(2)(A). Pub. L. 111–84, §1072(a)(1)(C), added subpar. (A) and struck out former subpar. (A), which read as follows: “is in compliance with the enterprise architecture developed under subsection (c);”.

Subsec. (a)(3). Pub. L. 111–84, §1072(a)(1)(D), substituted “the certification by the approval authority and the determination by the chief management officer are” for “the certification by the approval authority is”.

Subsec. (f). Pub. L. 111–84, §1072(a)(2), designated existing provisions as par. (1), redesignated former pars. (1) to (5) as subpars. (A) to (E), respectively, of par. (1), in subpar. (E) substituted “subparagraphs (A) through (D)” for “paragraphs (1) through (4)”, and added par. (2).

2008—Subsec. (i). Pub. L. 110-417 substituted “2013” for “2009” in introductory provisions.

2006—Subsec. (j)(6). Pub. L. 109-364 substituted “in section 3542(b)(2) of title 44” for “in section 2315 of this title”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2017 AMENDMENT

Pub. L. 115-91, div. A, title X, §1081(b)(2), Dec. 12, 2017, 131 Stat. 1597, provided that the amendment made by section 1081(b)(2) is effective as of Nov. 25, 2015.

EFFECTIVE DATE OF 2016 AMENDMENT

Pub. L. 114-328, div. A, title X, §1081(c), Dec. 23, 2016, 130 Stat. 2419, provided that the amendment made by section 1081(c)(5) is effective as of Nov. 25, 2015, and as if included in Pub. L. 114-92 as enacted.

EFFECTIVE DATE OF 2015 AMENDMENT

Pub. L. 114-92, div. A, title VIII, §883(f)(1), as added by Pub. L. 114-328, div. A, title X, §1081(c)(5), Dec. 23, 2016, 130 Stat. 2419, which provided that the amendment made by section 883(f)(1) was effective on the effective date specified in former section 901(a)(1) of Pub. L. 113-291 (Feb. 1, 2017), was repealed by Pub. L. 115-91, div. A, title X, §1081(b)(2), Dec. 12, 2017, 131 Stat. 1597.

EFFECTIVE DATE OF 2014 AMENDMENT

Pub. L. 113-291, div. A, title IX, §901(k)(3), Dec. 19, 2014, 128 Stat. 3468, which provided that the amendment made by section 901(k)(3) was effective on the effective date specified in former section 901(a)(1) of Pub. L. 113-291 (Feb. 1, 2017), was repealed by Pub. L. 114-92, div. A, title VIII, §883(f)(2), as added by Pub. L. 114-328, div. A, title X, §1081(c)(5), Dec. 23, 2016, 130 Stat. 2420.

TRANSFER OF FUNCTIONS

Position of Chief Management Officer of the Department of Defense effectively abolished upon the repeal of section 132a of this title by Pub. L. 116-283, div. A, title IX, §901(a)(1), Jan. 1, 2021, 134 Stat. 3794. Duties, personnel, and functions of the Chief Management Officer transferred to other Department of Defense officers, employees, and organizations, and any reference to the Chief Management Officer of the Department of Defense to be deemed to refer to the applicable Department of Defense officer or employee as so designated, see section 901(b), (c) of Pub. L. 116-283, set out in a note under former section 132a of this title.

PILOT PROGRAM ON USE OF ARTIFICIAL INTELLIGENCE FOR CERTAIN WORKFLOW AND OPERATIONS TASKS

Pub. L. 118-159, div. A, title II, §237, Dec. 23, 2024, 138 Stat. 1842, provided that:

“(a) PILOT PROGRAM REQUIRED.—Beginning not later than 60 days after the date of the enactment of this Act [Dec. 23, 2024], the Secretary of Defense shall carry out a pilot program to assess the feasibility and advisability of using artificial intelligence-enabled software to optimize the workflow and operations for—

“(1) depots, shipyards, or other manufacturing facilities run by the Department of Defense; and

“(2) contract administration for the Department, including—

“(A) the adjudication and review of contracts; and

“(B) activities related to the Modernization and Analytics Initiative managed by the Defense Contract Management Agency.

“(b) METHOD OF IMPLEMENTATION.—The Secretary of Defense may carry out subsection (a) through—

“(1) the establishment of a new pilot program; or

“(2) the designation of an existing initiative of the Department of Defense to serve as the pilot program required under such subsection.

“(c) SOFTWARE.—In carrying out the pilot program required by subsection (a), the Secretary shall—

“(1) use best in breed software platforms;

“(2) consider industry best practices in the selection of software programs;

“(3) implement the program based on human centered design practices to best identify the business needs for improvement; and

“(4) demonstrate connection to enterprise platforms of record with authoritative data sources.

“(d) CONSULTATION.—In carrying out the activities described in subsection (a)(1) under the pilot program, the Secretary of Defense shall consult with—

“(1) the Under Secretary of Defense for Acquisition and Sustainment;

“(2) the Secretary of the Army;

“(3) the Secretary of the Navy; and

“(4) the Secretary of the Air Force.

“(e) REPORT.—Not later than one year after the date of the commencement of the pilot program under subsection (a), the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report containing the following information:

“(1) An evaluation of each software platform used in the pilot program.

“(2) An analysis of how workflows and operations were modified as part of the pilot program.

“(3) A quantitative assessment of the impact the software had at each of the locations in which the pilot program was carried out.”

NEXT GENERATION BUSINESS HEALTH METRICS

Pub. L. 118-31, div. A, title IX, §921, Dec. 22, 2023, 137 Stat. 373, provided that:

“(a) METRICS REQUIRED.—The Secretary of Defense, in coordination with the Secretaries of the military departments, shall develop an updated set of business health metrics to inform decision-making by senior leaders of the Department of Defense.

“(b) ELEMENTS.—In developing the metrics required by subsection (a), the Secretary of Defense shall—

“(1) using the latest literature on performance measurement, determine what additional new metrics should be implemented, or current metrics should be adapted, to reduce output-based measures and emphasize objective, measurable indicators aligned to enduring strategic goals of the Department of Defense;

“(2) assess the current business processes of the Department and provide recommendations to align the metrics with available data sources to determine what gaps might exist in such processes;

“(3) ensure that data can be collected automatically and, on a long-term basis, in a manner that provides for longitudinal analysis;

“(4) link the metrics with the Strategic Management Plan and other performance documents guiding the Department;

“(5) identify any shortfalls in resources, data, training, policy, or law that could be an impediment to implementing the metrics;

“(6) revise leading and lagging indicators associated with each such metric to provide a benchmark against which to assess progress;

“(7) improve visualization of and comprehension for the use of the metrics in data-driven decision-making, including adoption of new policies and training as needed;

“(8) incorporate the ability to aggregate and disaggregate data to provide the ability to focus on functional, component-level metrics; and

“(9) increase standardization of the use and collection of business health metrics across the Department.

“(c) ADDITIONAL SUPPORT.—The Secretary of Defense may enter into a contract or other agreement with a federally funded research and development center or university-affiliated research center to support the development of the metrics required under subsection (a).”

PRIZE COMPETITIONS FOR BUSINESS SYSTEMS
MODERNIZATION

Pub. L. 118-31, div. A, title XV, §1525, Dec. 22, 2023, 137 Stat. 556, provided that:

“(a) ESTABLISHMENT.—Not later than 270 days after the date of the enactment of this Act [Dec. 22, 2023], under the authority of section 4025 of title 10, United States Code, the Secretary of Defense shall establish one or more prize competitions to support the business systems modernization goals of the Department of Defense.

“(b) SCOPE.—

“(1) IN GENERAL.—The Secretary of Defense shall structure any prize competition established under subsection (a) to complement, and to the extent practicable, accelerate the delivery or expand the functionality of business systems capabilities sought by the Secretaries of the military departments that are in operation, in development, or belong to any broad class of systems covered by the defense business enterprise architecture specified in section 2222(e) of title 10, United States Code.

“(2) AREAS FOR CONSIDERATION.—In carrying out subsection (a), the Secretary of Defense and the Secretaries of the military departments shall consider the following:

“(A) Integration of artificial intelligence or machine learning capabilities.

“(B) Data analytics, business intelligence, or related visualization capabilities.

“(C) Automated updating of business architectures, business systems integration, or documentation relating to existing systems or manuals.

“(D) Improvements to interfaces or processes for interacting with other non-Department of Defense business systems.

“(E) Updates or replacements for legacy defense business systems to improve operational effectiveness and efficiency, such as the system of the Defense Logistics Agency known as the ‘Mechanization of Contract Administration Services’ system, or any successor system.

“(F) Contract writing systems, or expanded capabilities relating to such systems, that may be integrated into existing systems of the Department of Defense.

“(G) Pay and personnel systems, or expanded capabilities relating to such systems, that may be integrated into existing systems of the Department of Defense.

“(H) Other finance and accounting systems, or expanded capabilities relating to such systems, that may be integrated into existing systems of the Department of Defense.

“(I) Systems supporting the defense industrial base and related supply chain visibility, analytics, and management.

“(c) FRAMEWORK.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall provide to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a briefing on the framework to be used in carrying out the prize competition under subsection (a).

“(d) ANNUAL BRIEFINGS.—Not later than October 1 of each year until the date of termination under subsection (e), the Secretary of Defense shall provide to the congressional defense committees a briefing on the results of the prize competition under subsection (a).

“(e) TERMINATION.—The authority to carry out the prize competition under subsection (a) shall terminate on September 30, 2028.”

IMPROVED RECORDING AND MAINTAINING OF
DEPARTMENT OF DEFENSE REAL PROPERTY DATA

Pub. L. 116-92, div. B, title XXVIII, §2823, Dec. 20, 2019, 133 Stat. 1889, provided that:

“(a) INITIAL REPORT.—Not later than 150 days after the date of the enactment of this Act [Dec. 20, 2019], the

Undersecretary [probably should be ‘‘Under Secretary’’] of Defense for Acquisition and Sustainment shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report that evaluates service-level best practices for recording and maintaining real property data.

“(b) ISSUANCE OF GUIDANCE.—Not later than 300 days after the date of the enactment of this Act, the Undersecretary [probably should be ‘‘Under Secretary’’] of Defense for Acquisition and Sustainment shall issue service-wide guidance on the recording and collection of real property data based on the best practices described in the report.”

REFORM OF BUSINESS ENTERPRISE OPERATIONS IN SUPPORT OF CERTAIN ACTIVITIES ACROSS DEPARTMENT OF DEFENSE

Pub. L. 115-232, div. A, title IX, §921(b), Aug. 13, 2018, 132 Stat. 1927, provided that:

“(1) PERIODIC REFORM.—

“(A) IN GENERAL.—Not later than January 1, 2020, and not less frequently than once every five years thereafter, the Secretary of Defense shall, acting through the Chief Management Officer of the Department of Defense, reform enterprise business operations of the Department of Defense, through reductions, eliminations, or improvements, across all organizations and elements of the Department with respect to covered activities in order to increase effectiveness and efficiency of mission execution.

“(B) CMO REPORTS.—Not later than January 1 of every fifth calendar year beginning with January 1, 2025, the Chief Management Officer shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report that describes the activities carried out by the Chief Management Officer under this subsection during the preceding five years, including an estimate of any cost savings achieved as a result of such activities.

“(2) COVERED ACTIVITIES DEFINED.—In this subsection, the term ‘covered activities’ means any activity relating to civilian resources management, logistics management, services contracting, or real estate management.

“(3) REPORTING FRAMEWORK.—Not later than January 1, 2020, the Chief Management Officer shall establish a consistent reporting framework to establish a baseline for the costs to perform all covered activities, and shall submit to Congress a report that, for each individual covered activity performed in fiscal year 2019, identifies the following:

“(A) The component or components of the Department responsible for performing such activity, and a business process map of such activity, in fiscal year 2019.

“(B) The number of the military, civilian, and contractor personnel of the component or components of the Department who performed such activity in that fiscal year.

“(C) The manpower requirements for such activity as of that fiscal year.

“(D) The systems and other resources associated with such activity as of that fiscal year.

“(E) The cost in dollars of performing such activity in fiscal year 2019.

“(4) INITIAL PLAN.—Not later than February 1, 2019, the Chief Management Officer shall submit to the congressional defense committees a plan, schedule, and cost estimate for conducting the reforms required under paragraph (1)(A).

“(5) CERTIFICATION OF COST SAVINGS.—Not later than January 1, 2020, the Chief Management Officer shall certify to the congressional defense committees that the savings and costs incurred as a result of activities carried out under paragraph (1) will achieve savings in fiscal year 2020 against the total amount obligated and expended for covered activities in fiscal year 2019 of—

“(A) not less than 25 percent of the cost in dollars of performing covered activities in fiscal year 2019 as specified pursuant to paragraph (3)(E); or

“(B) if the Chief Management Officer determines that achievement of savings of 25 percent or more will create overall inefficiencies for the Department, notice and justification will be submitted to the congressional defense committees specifying a lesser percentage of savings that the Chief Management Officer determines to be necessary to achieve efficiencies in the delivery of covered activities, which notice and justification shall be submitted by not later than October 1, 2019, together with a description of the efficiencies to be achieved.

“(6) COMPTROLLER GENERAL REPORTS.—The Comptroller General of the United States shall submit to the congressional defense committees the following:

“(A) Not later than 90 days after the submittal of the plan under paragraph (4), a report that verifies whether the plan is feasible.

“(B) Not later than 270 days after the date of enactment of this Act [Aug. 13, 2018], a report setting forth an assessment of the actions taken under paragraph (1)(A) since the date of the enactment of this Act.

“(C) Not later than 270 days after the submittal of the reporting framework under paragraph (3), a report that verifies whether the baseline established in the framework is accurate.

“(D) Not later than 270 days after the submittal of the report under paragraph (5), a report that verifies—

“(i) whether the activities described in the report were carried out; and

“(ii) whether any cost savings estimated in the report are accurate.”

[For abolition and transfer of functions of Chief Management Officer of the Department of Defense, see Transfer of Functions note above.]

ANALYSIS OF DEPARTMENT OF DEFENSE BUSINESS MANAGEMENT AND OPERATIONS DATASETS TO PROMOTE SAVINGS AND EFFICIENCIES

Pub. L. 115-232, div. A, title IX, §922, Aug. 13, 2018, 132 Stat. 1929, provided that:

“(a) IN GENERAL.—The Chief Management Officer of the Department of Defense shall develop a policy on analysis of Department of Defense datasets on business management and business operations by the public for purposes of accessing data analysis capabilities that would promote savings and efficiencies and otherwise enhance the utility of such datasets to the Department.

“(b) INITIAL DISCHARGE OF POLICY.—

“(1) IN GENERAL.—The Chief Management Officer shall commence the discharge of the policy required pursuant to subsection (a) by—

“(A) identifying one or more matters—

“(i) that are of significance to the Department of Defense;

“(ii) that are currently unresolved; and

“(iii) whose resolution from a business management or business operations dataset of the Department could benefit from a method or technique of analysis not currently familiar to the Department;

“(B) identifying between three and five business management or business operations datasets of the Department not currently available to the public whose evaluation could result in novel data analysis solutions toward management or operations problems of the Department identified by the Chief Management Officer; and

“(C) encouraging, whether by competition or other mechanisms, the evaluation of the datasets described in subparagraph (B) by appropriate persons and entities in the public or private sector (including academia).

“(2) PROTECTION OF SECURITY AND CONFIDENTIALITY.—In providing for the evaluation of datasets pursuant to this subsection, the Chief Management Officer shall take appropriate actions to protect the security and confidentiality of any information contained in the datasets, including through special precautions to ensure that any personally identifiable

information is not included and no release of information will adversely affect national security missions.”

[For abolition and transfer of functions of Chief Management Officer of the Department of Defense, see Transfer of Functions note above.]

AUDIT OF FINANCIAL SYSTEMS OF THE DEPARTMENT OF DEFENSE BY PROFESSIONAL ACCOUNTANTS

Pub. L. 115-232, div. A, title X, §1004, Aug. 13, 2018, 132 Stat. 1947, provided that: “The Secretary of Defense, acting through the Under Secretary of Defense (Comptroller) or an appropriate official of a military department, shall ensure that each major implementation of, or modification to, a business system that contributes to financial information of the Department of Defense is reviewed by professional accountants with experience reviewing Federal financial systems to validate that such financial system will meet any applicable Federal requirements. The Secretary of Defense shall ensure that such accountants—

“(1) are provided all necessary data and records; and

“(2) report independently on their findings.”

STANDARDIZED BUSINESS PROCESS RULES FOR MILITARY INTELLIGENCE PROGRAM

Pub. L. 115-232, div. A, title XVI, §1624(a), Aug. 13, 2018, 132 Stat. 2119, provided that:

“(1) DEVELOPMENT.—Not later than October 1, 2020, the Chief Management Officer of the Department of Defense, in coordination with the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense for Intelligence [now Under Secretary of Defense for Intelligence and Security], shall develop and implement standardized business process rules for the planning, programming, budgeting, and execution process for the Military Intelligence Program.

“(2) TREATMENT OF DATA.—The Chief Management Officer shall develop the standardized business process rules under paragraph (1) in accordance with section 911 of the National Defense Authorization Act for Fiscal Year 2018 (Public Law 115-91; 131 Stat. 1519; 10 U.S.C. 2222 note) [set out below] and section 2222(e)(6) of title 10, United States Code.

“(3) USE OF EXISTING SYSTEMS.—In developing the standardized business process rules under paragraph (1), to the extent practicable, the Chief Management Officer shall use enterprise business systems of the Department of Defense in existence as of the date of the enactment of this Act [Aug. 13, 2018].

“(4) REPORT.—Not later than March 1, 2019, the Chief Management Officer of the Department of Defense, the Under Secretary of Defense (Comptroller), and the Under Secretary of Defense for Intelligence shall jointly submit to the appropriate congressional committees a report containing a plan to develop the standardized business process rules under paragraph (1).

“(5) APPROPRIATE CONGRESSIONAL COMMITTEES.—In this subsection, the term ‘appropriate congressional committees’ means the following:

“(A) The congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives].

“(B) The Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.”

POLICY ON TREATMENT OF DEFENSE BUSINESS SYSTEM DATA RELATED TO BUSINESS OPERATIONS AND MANAGEMENT

Pub. L. 115-91, div. A, title IX, §911, Dec. 12, 2017, 131 Stat. 1519, provided that:

“(a) ESTABLISHMENT OF POLICY.—Not later than one year after the date of the enactment of this Act [Dec. 12, 2017], the Secretary of Defense shall establish a data policy for the Department of Defense that mandates that any data contained in a defense business system related to business operations and management is an asset of the Department of Defense.

“(b) AVAILABILITY.—As part of the policy required by subsection (a), the Secretary of Defense shall ensure that, except as otherwise provided by law or regulation, data described in such subsection shall be made readily available to members of the Office of the Secretary of Defense, the Joint Staff, the military departments, the combatant commands, the Defense Agencies, the Department of Defense Field Activities, and all other offices, agencies, activities, and commands of the Department of Defense, as applicable.”

ESTABLISHMENT OF DATA ANALYTICS CAPABILITY

Pub. L. 115–91, div. A, title IX, §912(e), Dec. 12, 2017, 131 Stat. 1521, provided that:

“(1) DATA ANALYTICS CAPABILITY REQUIRED.—Not later than September 30, 2020, the Chief Management Officer of the Department of Defense shall establish and maintain within the Department of Defense a data analytics capability for purposes of supporting enhanced oversight and management of the Defense Agencies and Department of Defense Field Activities.

“(2) ELEMENTS.—The data analytics capability shall permit the following:

“(A) The maintenance on a continuing basis of an accurate tabulation of the amounts expended by the Defense Agencies and Department of Defense Field Activities on Government and contractor personnel.

“(B) The maintenance on a continuing basis of an accurate number of the personnel currently supporting the Defense Agencies and Department of Defense Field Activities, including the following:

“(i) Members of the regular components of the Armed Forces.

“(ii) Members of the reserve components of the Armed Forces.

“(iii) Civilian employees of the Department of Defense.

“(iv) Detailees, whether from another organization or element of the Department or from another department or agency of the Federal Government.

“(C) The tracking of costs for employing contract personnel, including federally funded research and development centers.

“(D) The maintenance on a continuing basis of the following:

“(i) An identification of the functions being performed by each Defense Agency and Department of Defense Field Activity.

“(ii) An accurate tabulation of the amounts being expended by each Defense Agency and Department of Defense Field Activity on its functions.

“(3) REPORTING REQUIREMENTS.—

“(A) INTERIM REPORT.—Not later than one year after the date of the enactment of this Act [Dec. 12, 2017], the Chief Management Officer of the Department 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 on progress in establishing the data analytics capability. The report shall include the following:

“(i) A description and assessment of the efforts of the Chief Management Officer through the date of the report to establish the data analytics capability.

“(ii) A description of current gaps in the data required to establish the data analytics capability, and a description of the efforts to be undertaken to eliminate such gaps.

“(B) FINAL REPORT.—Not later than December 31, 2020, the Chief Management Officer shall submit to the congressional defense committees a report on the data analytics capability as established pursuant to this section.”

DATA INTEGRATION STRATEGIES PILOT PROGRAMS

Pub. L. 115–91, div. A, title IX, §912(f), Dec. 12, 2017, 131 Stat. 1522, provided that:

“(1) IN GENERAL.—The Secretary of Defense shall carry out pilot programs to develop data integration

strategies for the Department of Defense to address high-priority management challenges of the Department.

“(2) ELEMENTS.—The pilot programs carried out under the authority of this subsection shall involve data integration strategies to address challenges of the Department with respect to the following:

“(A) The budget of the Department.

“(B) Logistics.

“(C) Personnel security and insider threats.

“(D) At least two other high-priority challenges of the Department identified by the Secretary for purposes of this subsection.

“(3) REPORT ON PILOT PROGRAMS.—Not later than one year after the date of the enactment of this Act [Dec. 12, 2017], 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 describing the pilot programs to be carried out under this section, including the challenge of the Department to be addressed by the pilot program and the manner in which the data integration strategy under the pilot program will address the challenge. If any proposed pilot program requires legislative action for the waiver or modification of a statutory requirement that otherwise prevents or impedes the implementation of the pilot program, the Secretary shall include in the report a recommendation for legislative action to waive or modify the statutory requirement.”

IMPROPER PAYMENT MATTERS

Pub. L. 115–91, div. A, title X, §1003, Dec. 12, 2017, 131 Stat. 1542, provided that: “Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary of Defense (Comptroller) shall take the following actions:

“(1) With regard to estimating improper payments:

“(A) Establish and implement key quality assurance procedures, such as reconciliations, to ensure the completeness and accuracy of sampled populations.

“(B) Revise the procedures for the sampling methodologies of the Department of Defense so that such procedures—

“(i) comply with Office of Management and Budget guidance and generally accepted statistical standards;

“(ii) produce statistically valid improper payment error rates, statistically valid improper payment dollar estimates, and appropriate confidence intervals for both; and

“(iii) in meeting clauses (i) and (ii), take into account the size and complexity of the transactions being sampled.

“(2) With regard to identifying programs susceptible to significant improper payments, conduct a risk assessment that complies with the Improper Payments Elimination and Recovery Act of 2010 (Public Law 111–204 [See Short Title of 2010 Amendment note set out under section 3301 of Title 31, Money and Finance]) and the amendments made by that Act (in this section collectively referred to as ‘IPERA’).

“(3) With regard to reducing improper payments, establish procedures that produce corrective action plans that—

“(A) comply fully with IPERA and associated Office of Management and Budget guidance, including by holding individuals responsible for implementing corrective actions and monitoring the status of corrective actions; and

“(B) are in accordance with best practices, such as those recommended by the Chief Financial Officers Council, including by providing for—

“(i) measurement of the progress made toward remediating root causes of improper payments; and

“(ii) communication to the Secretary of Defense and the heads of departments, agencies, and

organizations and elements of the Department of Defense, and key stakeholders, on the progress made toward remediating the root causes of improper payments.

“(4) With regard to implementing recovery audits for improper payments, develop and implement procedures to—

“(A) identify costs related to the recovery audits and recovery efforts of the Department of Defense; and

“(B) evaluate improper payment recovery efforts in order to ensure that they are cost effective.

“(5) Monitor the implementation of the revised chapter of the Financial Management Regulations on recovery audits in order to ensure that the Department of Defense, the military departments, the Defense Agencies, and the other organizations and elements of the Department of Defense either conduct recovery audits or demonstrate that it is not cost effective to do so.

“(6) Develop and submit to the Office of Management and Budget for approval a payment recapture audit plan that fully complies with Office of Management and Budget guidance.

“(7) With regard to reporting on improper payments, design and implement procedures to ensure that the annual improper payment and recovery audit reporting of the Department of Defense is complete, accurate, and complies with IPERA and associated Office of Management and Budget guidance.”

FINANCIAL OPERATIONS DASHBOARD FOR THE DEPARTMENT OF DEFENSE

Pub. L. 115-91, div. A, title X, §1005, Dec. 12, 2017, 131 Stat. 1544, provided that:

“(a) IN GENERAL.—The Under Secretary of Defense (Comptroller) shall develop and maintain on an Internet website available to Department of Defense agencies a tool (commonly referred to as a ‘dashboard’) [sic] to permit officials to track key indicators of the financial performance of the Department of Defense. Such key indicators may include outstanding accounts payable, abnormal accounts payable, outstanding advances, unmatched disbursements, abnormal undelivered orders, negative unliquidated obligations, violations of sections 1341 and 1517(a) of title 31, United States Code (commonly referred to as the ‘Anti-Deficiency Act’), costs deriving from payment delays, interest penalty payments, and improper payments, and actual savings realized through interest payments made, discounts for timely or advanced payments, and other financial management and improvement initiatives.

“(b) INFORMATION COVERED.—The tool shall cover financial performance information for the military departments, the defense agencies, and any other organizations or elements of the Department of Defense.

“(c) TRACKING OF PERFORMANCE OVER TIME.—The tool shall permit the tracking of financial performance over time, including by month, quarter, and year, and permit users of the tool to export both current and historical data on financial performance.

“(d) UPDATES.—The information covered by the tool shall be updated not less frequently than quarterly.”

IMPROVED MANAGEMENT PRACTICES TO REDUCE COST AND IMPROVE PERFORMANCE OF CERTAIN DEPARTMENT OF DEFENSE ORGANIZATIONS

Pub. L. 114-328, div. A, title VIII, §894, Dec. 23, 2016, 130 Stat. 2325, provided that:

“(a) IN GENERAL.—Beginning not later than 180 days after the date of the enactment of this Act [Dec. 23, 2016], the Secretary of Defense shall designate units, subunits, or entities of the Department of Defense, other than Centers of Industrial and Technical Excellence designated pursuant to section 2474 of title 10, United States Code, that conduct work that is commercial in nature or is not inherently governmental to prioritize efforts to conduct business operations in a

manner that uses modern, commercial management practices and principles to reduce the costs and improve the performance of such organizations.

“(b) ADOPTION OF MODERN BUSINESS PRACTICES.—The Secretary shall ensure that each such unit, subunit, or entity of the Department described in subsection (a) is authorized to adopt and implement best commercial and business management practices to achieve the goals described in such subsection.

“(c) WAIVERS.—The Secretary shall authorize waivers of Department of Defense, military service, and Defense Agency regulations, as appropriate, to achieve the goals in subsection (a), including in the following areas:

“(1) Financial management.

“(2) Human resources.

“(3) Facility and plant management.

“(4) Acquisition and contracting.

“(5) Partnerships with the private sector.

“(6) Other business and management areas as identified by the Secretary.

“(d) GOALS.—The Secretary of Defense shall identify savings goals to be achieved through the implementation of the commercial and business management practices adopted under subsection (b), and establish a schedule for achieving the savings.

“(e) BUDGET ADJUSTMENT.—The Secretary shall establish policies to adjust organizational budget allocations, at the Secretary’s discretion, for purposes of—

“(1) using savings derived from implementation of best commercial and business management practices for high priority military missions of the Department of Defense;

“(2) creating incentives for the most efficient and effective development and adoption of new commercial and business management practices by organizations; and

“(3) investing in the development of new commercial and business management practices that will result in further savings to the Department of Defense.

“(f) BUDGET BASELINES.—Beginning not later than one year after the date of the enactment of this Act [Dec. 23, 2016], each such unit, subunit, or entity of the Department described in subsection (a) shall, in accordance with such guidance as the Secretary of Defense shall establish for purposes of this section—

“(1) establish an annual baseline cost estimate of its operations; and

“(2) certify that costs estimated pursuant to paragraph (1) are wholly accounted for and presented in a format that is comparable to the format for the presentation of such costs for other elements of the Department or consistent with best commercial practices.”

INCREASED USE OF COMMERCIAL DATA INTEGRATION AND ANALYSIS PRODUCTS FOR THE PURPOSE OF PREPARING FINANCIAL STATEMENT AUDITS

Pub. L. 114-328, div. A, title X, §1003, Dec. 23, 2016, 130 Stat. 2380, which required the Secretary of Defense to procure or develop technologies or services to improve data collection and analyses to support preparation of auditable financial statements for the Department of Defense, was repealed by Pub. L. 115-91, div. A, title X, §1002(f)(3), Dec. 12, 2017, 131 Stat. 1542. See section 2406 of this title.

SCIENCE AND TECHNOLOGY ACTIVITIES TO SUPPORT BUSINESS SYSTEMS INFORMATION TECHNOLOGY ACQUISITION PROGRAMS

Pub. L. 114-92, div. A, title II, §217, Nov. 25, 2015, 129 Stat. 770, as amended by Pub. L. 115-232, div. A, title X, §1081(f)(1)(A)(v), Aug. 13, 2018, 132 Stat. 1986; Pub. L. 116-92, div. A, title IX, §902(26), Dec. 20, 2019, 133 Stat. 1545; Pub. L. 116-283, div. A, title XVIII, §1806(e)(3)(B), Jan. 1, 2021, 134 Stat. 4156, provided that:

“(a) IN GENERAL.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition and Sustainment and Under Secretary of Defense for

Research and Engineering, the Chief Management Officer, and the Chief Information Officer, shall establish a set of science, technology, and innovation activities to improve the acquisition outcomes of major automated information systems through improved performance and reduced developmental and life cycle costs.

“(b) EXECUTION OF ACTIVITIES.—The activities established under subsection (a) shall be carried out by such military departments and Defense Agencies as the Under Secretary and the Chief Management Officer consider appropriate.

“(c) ACTIVITIES.—

“(1) IN GENERAL.—The set of activities established under subsection (a) may include the following:

“(A) Development of capabilities in Department of Defense laboratories, test centers, and federally funded research and development centers to provide technical support for acquisition program management and business process re-engineering activities.

“(B) Funding of intramural and extramural research and development activities as described in subsection (e).

“(2) CURRENT ACTIVITIES.—The Secretary shall identify the current activities described in subparagraphs (A) and (B) of paragraph (1) that are being carried out as of the date of the enactment of this Act [Nov. 25, 2015]. The Secretary shall consider such current activities in determining the set of activities to establish pursuant to subsection (a).

“(d) GAP ANALYSIS.—In establishing the set of activities under subsection (a), not later than 270 days after the date of the enactment of this Act [Nov. 25, 2015], the Secretary, in coordination with the Secretaries of the military departments and the heads of the Defense Agencies, shall conduct a gap analysis to identify activities that are not, as of such date, being pursued in the current science and technology program of the Department. The Secretary shall use such analysis in determining—

“(1) the set of activities to establish pursuant to subsection (a) that carry out the purposes specified in subsection (c)(1); and

“(2) the proposed funding requirements and timelines.

“(e) FUNDING OF INTRAMURAL AND EXTRAMURAL RESEARCH AND DEVELOPMENT.—

“(1) IN GENERAL.—In carrying out the set of activities required by subsection (a), the Secretary may award grants or contracts to eligible entities to carry out intramural or extramural research and development in areas of interest described in paragraph (3).

“(2) ELIGIBLE ENTITIES.—For purposes of this subsection, an eligible entity includes the following:

“(A) Entities in the defense industry.

“(B) Institutions of higher education.

“(C) Small businesses.

“(D) Nontraditional defense contractors (as defined in section 3014 of title 10, United States Code).

“(E) Federally funded research and development centers, primarily for the purpose of improving technical expertise to support acquisition efforts.

“(F) Nonprofit research institutions.

“(G) Government laboratories and test centers, primarily for the purpose of improving technical expertise to support acquisition efforts.

“(3) AREAS OF INTEREST.—The areas of interest described in this paragraph are the following:

“(A) Management innovation, including personnel and financial management policy innovation.

“(B) Business process re-engineering.

“(C) Systems engineering of information technology business systems.

“(D) Cloud computing to support business systems and business processes.

“(E) Software development, including systems and techniques to limit unique interfaces and simplify processes to customize commercial software to meet the needs of the Department of Defense.

“(F) Hardware development, including systems and techniques to limit unique interfaces and simplify processes to customize commercial hardware to meet the needs of the Department of Defense.

“(G) Development of methodologies and tools to support development and operational test of large and complex business systems.

“(H) Analysis tools to allow decision-makers to make tradeoffs between requirements, costs, technical risks, and schedule in major automated information system acquisition programs.

“(I) Information security in major automated information system systems.

“(J) Innovative acquisition policies and practices to streamline acquisition of information technology systems.

“(K) Such other areas as the Secretary considers appropriate.

“(f) PRIORITIES.—

“(1) IN GENERAL.—In carrying out the set of activities required by subsection (a), the Secretary shall give priority to—

“(A) projects that—

“(i) address the innovation and technology needs of the Department of Defense; and

“(ii) support activities of initiatives, programs, and offices identified by the Under Secretary and Chief Management Officer; and

“(B) the projects and programs identified in paragraph (2).

“(2) PROJECTS AND PROGRAMS IDENTIFIED.—The projects and programs identified in this paragraph are the following:

“(A) Major automated information system programs.

“(B) Projects and programs under the oversight of the Chief Management Officer.

“(C) Projects and programs relating to defense procurement acquisition policy.

“(D) Projects and programs of the agencies and field activities of the Office of the Secretary of Defense that support business missions such as finance, human resources, security, management, logistics, and contract management.

“(E) Military and civilian personnel policy development for information technology workforce.”

[For abolition and transfer of functions of Chief Management Officer of the Department of Defense, see Transfer of Functions note above.]

DEADLINE FOR GUIDANCE ON COVERED DEFENSE BUSINESS SYSTEMS

Pub. L. 114–92, div. A, title VIII, §883(b), Nov. 25, 2015, 129 Stat. 947, provided that: “The guidance required by subsection (c)(1) of section 2222 of title 10, United States Code, as amended by subsection (a)(1), shall be issued not later than December 31, 2016.”

COMPTROLLER GENERAL ASSESSMENT REQUIREMENT

Pub. L. 114–92, div. A, title VIII, §883(d)(1), Nov. 25, 2015, 129 Stat. 947, which required the Comptroller General, in odd-numbered years, to submit an assessment of the extent to which the actions taken by the Department of Defense complied with the requirements of this section, was repealed by Pub. L. 115–232, div. A, title VIII, §833(c), Aug. 13, 2018, 132 Stat. 1859, effective Jan. 1, 2020.

ACCOUNTING STANDARDS TO VALUE CERTAIN PROPERTY, PLANT, AND EQUIPMENT ITEMS

Pub. L. 114–92, div. A, title X, §1002, Nov. 25, 2015, 129 Stat. 960, provided that:

“(a) REQUIREMENT FOR CERTAIN ACCOUNTING STANDARDS.—The Secretary of Defense shall work in coordination with the Federal Accounting Standards Advisory Board to establish accounting standards to value large and unordinary general property, plant, and equipment items.

“(b) DEADLINE.—The accounting standards required by subsection (a) shall be established by not later than

September 30, 2017, and be available for use for the full audit on the financial statements of the Department of Defense for fiscal year 2018, as required by section 1003(a) of the National Defense Authorization Act for Fiscal Year 2014 (Public Law 113-66; 127 Stat. 842; 10 U.S.C. 2222 note).”

ANNUAL AUDIT OF FINANCIAL STATEMENTS OF DEPARTMENT OF DEFENSE COMPONENTS BY INDEPENDENT EXTERNAL AUDITORS

Pub. L. 114-92, div. A, title X, §1005, Nov. 25, 2015, 129 Stat. 961, which required an annual audit of financial statements of Department of Defense components by independent external auditors, was repealed by Pub. L. 115-91, div. A, title X, §1002(e)(4), Dec. 12, 2017, 131 Stat. 1541. See section 240d of this title.

DEADLINE FOR ESTABLISHMENT OF INVESTMENT REVIEW BOARD AND INVESTMENT MANAGEMENT PROCESS

Pub. L. 113-291, div. A, title IX, §901(e), Dec. 19, 2014, 128 Stat. 3464, provided that: “The investment review board and investment management process required by [former] section 2222(g) of title 10, United States Code, as amended by subsection (d)(3), shall be established not later than March 15, 2015.”

AUDIT OF DEPARTMENT OF DEFENSE FISCAL YEAR 2018 FINANCIAL STATEMENTS

Pub. L. 113-66, div. A, title X, §1003(a), Dec. 26, 2013, 127 Stat. 842, which required a full audit of the financial statements of the Department of Defense for fiscal year 2018, was repealed by Pub. L. 115-91, div. A, title X, §1002(b)(2), Dec. 12, 2017, 131 Stat. 1538. For similar provisions requiring annual audits, see section 240a of this title.

REVIEW OF OBLIGATION AND EXPENDITURE THRESHOLDS

Pub. L. 111-383, div. A, title VIII, §882, Jan. 7, 2011, 124 Stat. 4308, as amended by Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469; Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597; Pub. L. 116-92, div. A, title IX, §902(27), Dec. 20, 2019, 133 Stat. 1546, provided that:

“(a) **PROCESS REVIEW.**—Not later than one year after the date of the enactment of this Act [Jan. 7, 2011], the Chief Management Officer of the Department of Defense, in coordination with the Chief Management Officer of each military department, the Director of the Office of Performance Assessment and Root Cause Analysis, the Under Secretary of Defense (Comptroller), and the Comptrollers of the military departments, shall complete a comprehensive review of the use and value of obligation and expenditure benchmarks and propose new benchmarks or processes for tracking financial performance, including, as appropriate—

“(1) increased reliance on individual obligation and expenditure plans for measuring program financial performance;

“(2) mechanisms to improve funding stability and to increase the predictability of the release of funding for obligation and expenditure; and

“(3) streamlined mechanisms for a program manager to submit an appeal for funding changes and to have such appeal evaluated promptly.

“(b) **TRAINING.**—The Under Secretary of Defense for Acquisition and Sustainment and the Under Secretary of Defense (Comptroller) shall ensure that, as part of the training required for program managers and business managers, an emphasis is placed on obligating and expending appropriated funds in a manner that achieves the best value for the Government and that the purpose and limitations of obligation and expenditure benchmarks are made clear.

“(c) **REPORT.**—The Deputy Chief Management Officer of the Department of Defense shall include a report on the results of the review under this section in the next update of the strategic management plan transmitted to the Committees on Armed Services of the Senate and the House of Representatives under section 904(d)

of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181; 122 Stat. 275; 10 U.S.C. note prec. 2201) after the completion of the review.”

[Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469, formerly set out as a References note under section 131 of this title, which provided that, effective after Feb. 1, 2017, any reference to the Deputy Chief Management Officer of the Department of Defense was to be deemed to refer to the Under Secretary of Defense for Business Management and Information, was repealed by Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597, effective as of Dec. 23, 2016.]

AUDIT READINESS OF FINANCIAL STATEMENTS OF THE DEPARTMENT OF DEFENSE

Pub. L. 112-239, div. A, title X, §1005(b), Jan. 2, 2013, 126 Stat. 1904, provided that:

“(1) **IN GENERAL.**—The Chief Management Officer of the Department of Defense and the Chief Management Officers of each of the military departments shall ensure that plans to achieve an auditable statement of budgetary resources of the Department of Defense by September 30, 2014, include appropriate steps to minimize one-time fixes and manual work-arounds, are sustainable and affordable, and will not delay full auditability of financial statements.

“(2) **ADDITIONAL ELEMENTS IN FIAR PLAN REPORT.**—Each semi-annual report on the Financial Improvement and Audit Readiness Plan of the Department of Defense submitted by the Under Secretary of Defense (Comptroller) under section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note) during the period beginning on the date of the enactment of this Act [Jan. 2, 2013] and ending on September 30, 2014, shall include the following:

“(A) A description of the actions taken by the military departments pursuant to paragraph (1).

“(B) A determination by the Chief Management Officer of each military department whether or not such military department is able to achieve an auditable statement of budgetary resources by September 30, 2014, without an unaffordable or unsustainable level of one-time fixes and manual work-arounds and without delaying the full auditability of the financial statements of such military department.

“(C) If the Chief Management Officer of a military department determines under subparagraph (B) that the military department is not able to achieve an auditable statement of budgetary resources by September 30, 2014, as described in that subparagraph—

“(i) an explanation why the military department is unable to meet the deadline;

“(ii) an alternative deadline by which the military department will achieve an auditable statement of budgetary resources; and

“(iii) a description of the plan of the military department for meeting the alternative deadline.”

Pub. L. 112-81, div. A, title X, §1003, Dec. 31, 2011, 125 Stat. 1555, as amended by Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469; Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597, provided that:

“(a) **PLANNING REQUIREMENT.**—

“(1) **IN GENERAL.**—The report to be issued pursuant to section 1003(b) of the National Defense Authorization Act for 2010 (Public Law 111-84; 123 Stat. 2440; 10 U.S.C. 2222 note) and provided by not later than May 15, 2012, shall include a plan, including interim objectives and a schedule of milestones for each military department and for the defense agencies, to support the goal established by the Secretary of Defense that the statement of budgetary resources is validated for audit by not later than September 30, 2014. Consistent with the requirements of such section, the plan shall include process and control improvements and business systems modernization efforts necessary for the Department of Defense to consistently prepare time-

ly, reliable, and complete financial management information.

“(2) SEMIANNUAL UPDATES.—The reports to be issued pursuant to such section after the report described in paragraph (1) shall update the plan required by such paragraph and explain how the Department has progressed toward meeting the milestones established in the plan.

“(b) INCLUSION OF SUBORDINATE ACTIVITIES FOR INTERIM MILESTONES.—For each interim milestone established pursuant to section 881 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383; 124 Stat. 4306; 10 U.S.C. 2222 note), the Under Secretary of Defense (Comptroller), in consultation with the Deputy Chief Management Officer of the Department of Defense, the Secretaries of the military departments, and the heads of the defense agencies and defense field activities, shall include a detailed description of the subordinate activities necessary to accomplish each interim milestone, including—

“(1) a justification of the time required for each activity;

“(2) metrics identifying the progress made within each activity; and

“(3) mitigating strategies for milestone timeframe slippages.

“(c) REPORT REQUIRED.—

“(1) IN GENERAL.—The Secretary of Defense shall submit to Congress a report relating to the Financial Improvement and Audit Readiness Plan of the Department of Defense submitted in accordance with section 1003 of the National Defense Authorization Act for 2010 (Public Law 111-84; 123 Stat. 2440 [2439]; 10 U.S.C. 2222 note) and section 881 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383; 121 Stat. 4306; 10 U.S.C. 2222 note).

“(2) MATTERS COVERED.—The report shall include a corrective action plan for any identified weaknesses or deficiencies in the execution of the Financial Improvement and Audit Readiness Plan. The corrective action plan shall—

“(A) identify near- and long-term measures for resolving any such weaknesses or deficiencies;

“(B) assign responsibilities within the Department of Defense to implement such measures;

“(C) specify implementation steps for such measures; and

“(D) provide timeframes for implementation of such measures.”

[Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469, formerly set out as a References note under section 131 of this title, which provided that, effective after Feb. 1, 2017, any reference to the Deputy Chief Management Officer of the Department of Defense was to be deemed to refer to the Under Secretary of Defense for Business Management and Information, was repealed by Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597, effective as of Dec. 23, 2016.]

Pub. L. 111-383, div. A, title VIII, §881, Jan. 7, 2011, 124 Stat. 4306, as amended by Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469; Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597, provided that:

“(a) INTERIM MILESTONES.—

“(1) REQUIREMENT.—Not later than 90 days after the date of the enactment of this Act [Jan. 7, 2011], the Under Secretary of Defense (Comptroller), in consultation with the Deputy Chief Management Officer of the Department of Defense, the secretaries of the military departments, and the heads of the defense agencies and defense field activities, shall establish interim milestones for achieving audit readiness of the financial statements of the Department of Defense, consistent with the requirements of section 1003 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note).

“(2) MATTERS INCLUDED.—The interim milestones established pursuant to paragraph (1) shall include,

at a minimum, for each military department and for the defense agencies and defense field activities—

“(A) an interim milestone for achieving audit readiness for each major element of the statement of budgetary resources, including civilian pay, military pay, supply orders, contracts, and funds balance with the Treasury; and

“(B) an interim milestone for addressing the existence and completeness of each major category of Department of Defense assets, including military equipment, real property, inventory, and operating material and supplies.

“(3) DESCRIPTION IN SEMIANNUAL REPORTS.—The Under Secretary shall describe each interim milestone established pursuant to paragraph (1) in the next semiannual report submitted pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note). Each subsequent semiannual report submitted pursuant to section 1003(b) shall explain how the Department has progressed toward meeting such interim milestones.

“(b) VALUATION OF DEPARTMENT OF DEFENSE ASSETS.—

“(1) REQUIREMENT.—Not later than 120 days after the date of the enactment of this Act, the Under Secretary of Defense (Comptroller) shall, in consultation with other appropriate Federal agencies and officials—

“(A) examine the costs and benefits of alternative approaches to the valuation of Department of Defense assets;

“(B) select an approach to such valuation that is consistent with principles of sound financial management and the conservation of taxpayer resources; and

“(C) begin the preparation of a business case analysis supporting the selected approach.

“(2) The Under Secretary shall include information on the alternatives considered, the selected approach, and the business case analysis supporting that approach in the next semiannual report submitted pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note).

“(c) REMEDIAL ACTIONS REQUIRED.—In the event that the Department of Defense, or any component of the Department of Defense, is unable to meet an interim milestone established pursuant to subsection (a), the Under Secretary of Defense (Comptroller) shall—

“(1) develop a remediation plan to ensure that—

“(A) the component will meet the interim milestone no more than one year after the originally scheduled date; and

“(B) the component’s failure to meet the interim milestone will not have an adverse impact on the Department’s ability to carry out the plan under section 1003(a) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note); and

“(2) include in the next semiannual report submitted pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note)—

“(A) a statement of the reasons why the Department of Defense, or component of the Department of Defense, will be unable to meet such interim milestone;

“(B) the revised completion date for meeting such interim milestone; and

“(C) a description of the actions that have been taken and are planned to be taken by the Department of Defense, or component of the Department of Defense, to meet such interim milestone.

“(d) INCENTIVES FOR ACHIEVING AUDITABILITY.—

“(1) REVIEW REQUIRED.—Not later than 120 days after the date of the enactment of this Act, the Under Secretary of Defense (Comptroller) shall review options for providing appropriate incentives to the military departments, Defense Agencies, and defense field

activities to ensure that financial statements are validated as ready for audit earlier than September 30, 2017.

“(2) OPTIONS REVIEWED.—The review performed pursuant to paragraph (1) shall consider changes in policy that reflect the increased confidence that can be placed in auditable financial statements, and shall include, at a minimum, consideration of the following options:

“(A) Consistent with the need to fund urgent warfighter requirements and operational needs, priority in the release of appropriated funds.

“(B) Relief from the frequency of financial reporting in cases in which such reporting is not required by law.

“(C) Relief from departmental obligation and expenditure thresholds to the extent that such thresholds establish requirements more restrictive than those required by law.

“(D) Increases in thresholds for reprogramming of funds.

“(E) Personnel management incentives for the financial and business management workforce.

“(F) Such other measures as the Under Secretary considers appropriate.

“(3) REPORT.—The Under Secretary shall include a discussion of the review performed pursuant to paragraph (1) in the next semiannual report pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2439; 10 U.S.C. 2222 note) and for each option considered pursuant to paragraph (2) shall include—

“(A) an assessment of the extent to which the implementation of the option—

“(i) would be consistent with the efficient operation of the Department of Defense and the effective funding of essential Department of Defense programs and activities; and

“(ii) would contribute to the achievement of Department of Defense goals to prepare auditable financial statements; and

“(B) a recommendation on whether such option should be adopted, a schedule for implementing the option if adoption is recommended, or a reason for not recommending the option if adoption is not recommended.”

[Pub. L. 113-291, div. A, title IX, §901(n)(1), Dec. 19, 2014, 128 Stat. 3469, formerly set out as a References note under section 131 of this title, which provided that, effective after Feb. 1, 2017, any reference to the Deputy Chief Management Officer of the Department of Defense was to be deemed to refer to the Under Secretary of Defense for Business Management and Information, was repealed by Pub. L. 115-91, div. A, title X, §1081(b)(1)(D), Dec. 12, 2017, 131 Stat. 1597, effective as of Dec. 23, 2016.]

Pub. L. 111-84, div. A, title X, §1003, Oct. 28, 2009, 123 Stat. 2439, as amended by Pub. L. 112-239, div. A, title X, §1005(a), Jan. 2, 2013, 126 Stat. 1904; Pub. L. 113-66, div. A, title X, §1003(b), Dec. 26, 2013, 127 Stat. 842, which directed the Chief Management Officer of the Department of Defense to develop a Financial Improvement and Audit Readiness Plan and to submit semi-annual reports to Congress on the status of the implementation of such plan, was repealed by Pub. L. 115-91, div. A, title X, §1002(c)(4), Dec. 12, 2017, 131 Stat. 1540.

BUSINESS PROCESS REENGINEERING EFFORTS; ONGOING PROGRAMS

Pub. L. 111-84, div. A, title X, §1072(b), Oct. 28, 2009, 123 Stat. 2471, provided that:

“(1) IN GENERAL.—Not later than one year after the date of the enactment of this Act [Oct. 28, 2009], the appropriate chief management officer for each defense business system modernization approved by the Defense Business Systems Management Committee before the date of the enactment of this Act that will have a total cost in excess of \$100,000,000 shall review such defense business system modernization to determine whether or not appropriate business process re-

engineering efforts have been undertaken to ensure that—

“(A) the business process to be supported by such defense business system modernization will be as streamlined and efficient as practicable; and

“(B) the need to tailor commercial-off-the-shelf systems to meet unique requirements or incorporate unique interfaces has been eliminated or reduced to the maximum extent practicable.

“(2) ACTION ON FINDING OF LACK OF REENGINEERING EFFORTS.—If the appropriate chief management officer determines that appropriate business process reengineering efforts have not been undertaken with regard to a defense business system modernization as described in paragraph (1), that chief management officer—

“(A) shall develop a plan to undertake business process reengineering efforts with respect to the defense business system modernization; and

“(B) may direct that the defense business system modernization be restructured or terminated, if necessary to meet the requirements of paragraph (1).

“(3) DEFINITIONS.—In this subsection:

“(A) The term ‘appropriate chief management officer’, with respect to a defense business system modernization, has the meaning given that term in paragraph (2) of [former] subsection (f) of section 2222 of title 10, United States Code (as amended by subsection (a)(2) of this section).

“(B) The term ‘defense business system modernization’ has the meaning given that term in [former] subsection (j)(3) of section 2222 of title 10, United States Code.”

BUSINESS TRANSFORMATION INITIATIVES FOR THE MILITARY DEPARTMENTS

Pub. L. 110-417, [div. A], title IX, §908, Oct. 14, 2008, 122 Stat. 4569, provided that:

“(a) IN GENERAL.—The Secretary of each military department shall, acting through the Chief Management Officer of such military department, carry out an initiative for the business transformation of such military department.

“(b) OBJECTIVES.—The objectives of the business transformation initiative of a military department under this section shall include, at a minimum, the following:

“(1) The development of a comprehensive business transformation plan, with measurable performance goals and objectives, to achieve an integrated management system for the business operations of the military department.

“(2) The development of a well-defined enterprise-wide business systems architecture and transition plan encompassing end-to-end business processes and capable of providing accurately and timely information in support of business decisions of the military department.

“(3) The implementation of the business transformation plan developed pursuant to paragraph (1) and the business systems architecture and transition plan developed pursuant to paragraph (2).

“(c) BUSINESS TRANSFORMATION OFFICES.—

“(1) ESTABLISHMENT.—Not later than 180 days after the date of the enactment of this Act [Oct. 14, 2008], the Secretary of each military department shall establish within such military department an office (to be known as the ‘Office of Business Transformation’ of such military department) to assist the Chief Management Officer of such military department in carrying out the initiative required by this section for such military department.

“(2) HEAD.—The Office of Business Transformation of a military department under this subsection shall be headed by a Director of Business Transformation, who shall be appointed by the Chief Management Officer of the military department, in consultation with the Director of the Business Transformation Agency of the Department of Defense, from among individuals with significant experience managing large-scale organizations or business transformation efforts.

“(3) SUPERVISION.—The Director of Business Transformation of a military department under paragraph (2) shall report directly to the Chief Management Officer of the military department, subject to policy guidance from the Director of the Business Transformation Agency of the Department of Defense.

“(4) AUTHORITY.—In carrying out the initiative required by this section for a military department, the Director of Business Transformation of the military department under paragraph (2) shall have the authority to require elements of the military department to carry out actions that are within the purpose and scope of the initiative.

“(d) RESPONSIBILITIES OF BUSINESS TRANSFORMATION OFFICES.—The Office of Business Transformation of a military department established pursuant to subsection (b) may be responsible for the following:

“(1) Transforming the budget, finance, accounting, and human resource operations of the military department in a manner that is consistent with the business transformation plan developed pursuant to subsection (b)(1).

“(2) Eliminating or replacing financial management systems of the military department that are inconsistent with the business systems architecture and transition plan developed pursuant to subsection (b)(2).

“(3) Ensuring that the business transformation plan and the business systems architecture and transition plan are implemented in a manner that is aggressive, realistic, and accurately measured.

“(4) Such other responsibilities as the Secretary of that military department determines are appropriate.

“(e) REQUIRED ELEMENTS.—In carrying out the initiative required by this section for a military department, the Chief Management Officer and the Director of Business Transformation of the military department shall ensure that each element of the initiative is consistent with—

“(1) the requirements of the Business Enterprise Architecture and Transition Plan developed by the Secretary of Defense pursuant to section 2222 of title 10, United States Code;

“(2) the Standard Financial Information Structure of the Department of Defense;

“(3) the Federal Financial Management Improvement Act of 1996 [section 101(f) [title VIII] of title I of div. A of Pub. L. 104-208, 31 U.S.C. 3512 note] (and the amendments made by that Act); and

“(4) other applicable requirements of law and regulation.

“(f) REPORTS ON IMPLEMENTATION.—

“(1) INITIAL REPORTS.—Not later than nine months after the date of the enactment of this Act [Oct. 14, 2008], the Chief Management Officer of each military department shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report on the actions taken, and on the actions planned to be taken, by such military department to implement the requirements of this section.

“(2) UPDATES.—Not later than March 1 of each of 2010, 2011, and 2012, the Chief Management Officer of each military department shall submit to the congressional defense committees a current update of the report submitted by such Chief Management Officer under paragraph (1).”

FINANCIAL MANAGEMENT TRANSFORMATION INITIATIVE FOR THE DEFENSE AGENCIES

Pub. L. 110-181, div. A, title X, § 1005, Jan. 28, 2008, 122 Stat. 301, provided that:

“(a) FINANCIAL MANAGEMENT TRANSFORMATION INITIATIVE.—

“(1) IN GENERAL.—The Director of the Business Transformation Agency of the Department of Defense shall carry out an initiative for financial management transformation in the Defense Agencies. The

initiative shall be known as the ‘Defense Agencies Initiative’ (in this section referred to as the ‘Initiative’).

“(2) SCOPE OF AUTHORITY.—In carrying out the Initiative, the Director of the Business Transformation Agency may require the heads of the Defense Agencies to carry out actions that are within the purpose and scope of the Initiative.

“(b) PURPOSES.—The purposes of Initiative shall be as follows:

“(1) To eliminate or replace financial management systems of the Defense Agencies that are duplicative, redundant, or fail to comply with the standards set forth in subsection (d).

“(2) To transform the budget, finance, and accounting operations of the Defense Agencies to enable the Defense Agencies to achieve accurate and reliable financial information needed to support financial accountability and effective and efficient management decisions.

“(c) REQUIRED ELEMENTS.—The Initiative shall include, to the maximum extent practicable—

“(1) the utilization of commercial, off-the-shelf technologies and web-based solutions;

“(2) a standardized technical environment and an open and accessible architecture; and

“(3) the implementation of common business processes, shared services, and common data structures.

“(d) STANDARDS.—In carrying out the Initiative, the Director of the Business Transformation Agency shall ensure that the Initiative is consistent with—

“(1) the requirements of the Business Enterprise Architecture and Transition Plan developed pursuant to section 2222 of title 10, United States Code;

“(2) the Standard Financial Information Structure of the Department of Defense;

“(3) the Federal Financial Management Improvement Act of 1996 [section 101(f) [title VIII] of title I of div. A of Pub. L. 104-208, 31 U.S.C. 3512 note] (and the amendments made by that Act); and

“(4) other applicable requirements of law and regulation.

“(e) SCOPE.—The Initiative shall be designed to provide, at a minimum, capabilities in the major process areas for both general fund and working capital fund operations of the Defense Agencies as follows:

“(1) Budget formulation.

“(2) Budget to report, including general ledger and trial balance.

“(3) Procure to pay, including commitments, obligations, and accounts payable.

“(4) Order to fulfill, including billing and accounts receivable.

“(5) Cost accounting.

“(6) Acquire to retire (account management).

“(7) Time and attendance and employee entitlement.

“(8) Grants financial management.

“(f) CONSULTATION.—In carrying out subsections (d) and (e), the Director of the Business Transformation Agency shall consult with the Comptroller of the Department of Defense [now Under Secretary of Defense (Comptroller)] to ensure that any financial management systems developed for the Defense Agencies, and any changes to the budget, finance, and accounting operations of the Defense Agencies, are consistent with the financial standards and requirements of the Department of Defense.

“(g) PROGRAM CONTROL.—In carrying out the Initiative, the Director of the Business Transformation Agency shall establish—

“(1) a board (to be known as the ‘Configuration Control Board’) to manage scope and cost changes to the Initiative; and

“(2) a program management office (to be known as the ‘Program Management Office’) to control and enforce assumptions made in the acquisition plan, the cost estimate, and the system integration contract for the Initiative, as directed by the Configuration Control Board.

“(h) PLAN ON DEVELOPMENT AND IMPLEMENTATION OF INITIATIVE.—Not later than six months after the date of the enactment of this Act [Jan. 28, 2008], the Director of the Business Transformation Agency shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a plan for the development and implementation of the Initiative. The plan shall provide for the implementation of an initial capability under the Initiative as follows:

“(1) In at least one Defense Agency by not later than eight months after the date of the enactment of this Act.

“(2) In not less than five Defense Agencies by not later than 18 months after the date of the enactment of this Act.”

LIMITATION ON FINANCIAL MANAGEMENT IMPROVEMENT AND AUDIT INITIATIVES WITHIN THE DEPARTMENT OF DEFENSE

Pub. L. 109-364, div. A, title III, § 321, Oct. 17, 2006, 120 Stat. 2144, as amended by Pub. L. 111-383, div. A, title X, § 1075(g)(1), Jan. 7, 2011, 124 Stat. 4376, provided that:

“(a) LIMITATION.—The Secretary of Defense may not obligate or expend any funds for the purpose of any financial management improvement activity relating to the preparation, processing, or auditing of financial statements until the Secretary submits to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a written determination that each activity proposed to be funded is—

“(1) consistent with the financial management improvement plan of the Department of Defense required by section 376(a)(1) of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3213); and

“(2) likely to improve internal controls or otherwise result in sustained improvements in the ability of the Department to produce timely, reliable, and complete financial management information.

“(b) EXCEPTION.—The limitation in subsection (a) shall not apply to an activity directed exclusively at assessing the adequacy of internal controls and remediating any inadequacy identified pursuant to such assessment.”

TIME-CERTAIN DEVELOPMENT FOR DEPARTMENT OF DEFENSE INFORMATION TECHNOLOGY BUSINESS SYSTEMS

Pub. L. 109-364, div. A, title VIII, § 811, Oct. 17, 2006, 120 Stat. 2316, which provided limitations for Milestone A approval and initial operational capability regarding certain Department of Defense information technology business systems, was repealed by Pub. L. 114-92, div. A, title VIII, § 883(c), Nov. 25, 2015, 129 Stat. 947.

§ 2223. Information technology: additional responsibilities of Chief Information Officers

(a) ADDITIONAL RESPONSIBILITIES OF CHIEF INFORMATION OFFICER OF DEPARTMENT OF DEFENSE.—In addition to the responsibilities provided for in chapter 35 of title 44 and in section 11315 of title 40, the Chief Information Officer of the Department of Defense shall—

(1) review and provide recommendations to the Secretary of Defense on Department of Defense budget requests for information technology and national security systems;

(2) ensure the interoperability of information technology and national security systems throughout the Department of Defense;

(3) ensure that information technology and national security systems standards that will apply throughout the Department of Defense are prescribed;

(4) provide for the elimination of duplicate information technology and national security

systems within and between the military departments and Defense Agencies; and

(5) maintain a consolidated inventory of Department of Defense mission critical and mission essential information systems, identify interfaces between those systems and other information systems, and develop and maintain contingency plans for responding to a disruption in the operation of any of those information systems.

(b) ADDITIONAL RESPONSIBILITIES OF CHIEF INFORMATION OFFICER OF MILITARY DEPARTMENTS.—In addition to the responsibilities provided for in chapter 35 of title 44 and in section 11315 of title 40, the Chief Information Officer of a military department, with respect to the military department concerned, shall—

(1) review budget requests for all information technology and national security systems;

(2) ensure that information technology and national security systems are in compliance with standards of the Government and the Department of Defense;

(3) ensure that information technology and national security systems are interoperable with other relevant information technology and national security systems of the Government and the Department of Defense; and

(4) coordinate with the Joint Staff with respect to information technology and national security systems.

(c) DEFINITIONS.—In this section:

(1) The term “Chief Information Officer” means the senior official designated by the Secretary of Defense or a Secretary of a military department pursuant to section 3506 of title 44.

(2) The term “information technology” has the meaning given that term by section 11101 of title 40.

(3) The term “national security system” has the meaning given that term by section 3552(b)(6) of title 44.

(Added Pub. L. 105-261, div. A, title III, § 331(a)(1), Oct. 17, 1998, 112 Stat. 1967; amended Pub. L. 106-398, § 1 [[div. A], title VIII, § 811(a)], Oct. 30, 2000, 114 Stat. 1654, 1654A-210; Pub. L. 107-217, § 3(b)(1), Aug. 21, 2002, 116 Stat. 1295; Pub. L. 109-364, div. A, title IX, § 906(b), Oct. 17, 2006, 120 Stat. 2354; Pub. L. 113-283, § 2(e)(5)(B), Dec. 18, 2014, 128 Stat. 3087; Pub. L. 114-92, div. A, title X, § 1081(a)(7), Nov. 25, 2015, 129 Stat. 1001.)

Editorial Notes

AMENDMENTS

2015—Subsec. (c)(3). Pub. L. 114-92 substituted “section 3552(b)(6)” for “section 3552(b)(5)”.

2014—Subsec. (c)(3). Pub. L. 113-283 substituted “section 3552(b)(5)” for “section 3542(b)(2)”.

2006—Subsec. (c)(3). Pub. L. 109-364 substituted “section 3542(b)(2) of title 44” for “section 11103 of title 40”.

2002—Subsecs. (a), (b). Pub. L. 107-217, § 3(b)(1)(A), (B), substituted “section 11315 of title 40” for “section 5125 of the Clinger-Cohen Act of 1996 (40 U.S.C. 1425)” in introductory provisions.

Subsec. (c)(2). Pub. L. 107-217, § 3(b)(1)(C), substituted “section 11101 of title 40” for “section 5002 of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401)”.

Subsec. (c)(3). Pub. L. 107-217, § 3(b)(1)(D), substituted “section 11103 of title 40” for “section 5142 of the Clinger-Cohen Act of 1996 (40 U.S.C. 1452)”.