

employees in addition to departments, agencies, and components.”

ANNUAL REPORTS ON FUNDING FOR CORRECTIVE ACTION PLANS

Pub. L. 116-92, div. A, title X, §1009(c), Dec. 20, 2019, 133 Stat. 1576, as amended by Pub. L. 116-283, div. A, title X, §1081(c)(5), Jan. 1, 2021, 134 Stat. 3873; Pub. L. 118-31, div. A, title X, §1061(i), Dec. 22, 2023, 137 Stat. 400, provided that: “Not later than 10 days after the submittal to Congress under section 1105(a) of title 31, United States Code, of the budget of the President for any fiscal year after fiscal year 2020, the Secretary of Defense shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report setting forth a detailed estimate of the funding required for such fiscal year to procure, obtain, or otherwise implement each process, system, and technology identified to address the current corrective action plans of the departments, agencies, components, and elements of the Department of Defense, and the corrective action plan of the Department as a whole, for purposes of chapter 9A of title 10, United States Code, during such fiscal year.”

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

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

The Under Secretary of Defense (Comptroller) shall—

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

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

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

**Editorial Notes**

AMENDMENTS

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

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

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

shall obtain each year audits of the financial statements of each such component by an independent external auditor.

(b) SELECTION OF AUDITORS.—The selection of independent external auditors for purposes of subsection (a) shall be based, among other appropriate criteria, on their qualifications, independence, and capacity to conduct audits described in subsection (a) in accordance with applicable generally accepted government auditing standards. The Inspector General shall participate in the selection of the independent external auditors.

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

(d) REPORTS ON AUDITS.—

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

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

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

(C) the head of each component audited; and

(D) the appropriate committees of Congress.

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

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

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

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

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

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

(Added and amended Pub. L. 115-91, div. A, title X, §1002(e)(1)–(3), Dec. 12, 2017, 131 Stat. 1541, §254; renumbered §240d, Pub. L. 115-232, div. A, title X, §1002(a)(1)(A), Aug. 13, 2018, 132 Stat. 1945; Pub. L. 118-31, div. A, title IX, §901(d), Dec. 22, 2023, 137 Stat. 354.)

**Editorial Notes**

CODIFICATION

Text of section, as added by Pub. L. 115-91, is based on text of section 1005 of Pub. L. 114-92, div. A, title X, Nov. 25, 2015, 129 Stat. 961, which was formerly set out

as a note under section 2222 of this title, prior to repeal by Pub. L. 115-91, div. A, title X, §1002(e)(4), Dec. 12, 2017, 131 Stat. 1541.

#### AMENDMENTS

2023—Subsec. (d)(1)(A). Pub. L. 118-31 struck out “and the Chief Management Officer of the Department of Defense” after “chapter 9 of title 31”.

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

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

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

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

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

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

Subsec. (e)(2). Pub. L. 115-91, §1002(e)(3)(B)(ii), redesignated par. (3) as (2). Former par. (2) redesignated (1).

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

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

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

#### Statutory Notes and Related Subsidiaries

##### CHANGE OF NAME

Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019. Committee on Oversight and Reform of House of Representatives changed to Committee on Oversight and Accountability of House of Representatives by House Resolution No. 5, One Hundred Eighteenth Congress, Jan. 9, 2023.

##### AUDIT REQUIREMENT FOR DEPARTMENT OF DEFENSE COMPONENTS

Pub. L. 118-31, div. A, title X, §1004, Dec. 22, 2023, 137 Stat. 379, as amended by Pub. L. 118-159, div. A, title X, §1004, Dec. 23, 2024, 138 Stat. 2047, provided that:

“(a) IN GENERAL.—During each of fiscal years 2024 through 2034, each component of the Department of Defense shall be subject to an independent audit. Any such component that fails to be subject to such an audit during any fiscal year shall have 1.5 percent of unobligated amounts available for the component be cancelled and returned to the general fund of the Treasury for deficit reduction, except as provided in subsection (b).

“(b) EXCEPTIONS.—The following accounts are excluded from any reductions:

“(1) Military personnel, reserve personnel, and National Guard personnel accounts of the Department of Defense.

“(2) The Defense Health Program account of the Department of Defense.”

##### TRANSPARENCY OF ACCOUNTING FIRMS USED TO SUPPORT DEPARTMENT OF DEFENSE AUDIT

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

“(a) IN GENERAL.—For all contract actions (including awards, renewals, and amendments) occurring more than 180 days after the date of the enactment of this Act [Aug. 13, 2018], the Secretary of Defense shall re-

quire any accounting firm providing financial statement auditing or audit remediation services to the Department of Defense in support of the audit required under section 3521 of title 31, United States Code, to provide the Department with a statement setting forth the details of any disciplinary proceedings with respect to the accounting firm or its associated persons before any entity with the authority to enforce compliance with rules or laws applying to audit services offered by accounting firms.

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

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

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

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

(a) DEPLOYMENT OF DATA ANALYTICS CAPABILITIES.—The Secretary of Defense shall use competitive procedures under chapter 137<sup>1</sup> of this title to procure or develop technologies or services, including those based on commercially available information technologies and services to improve data collection and analyses to support preparation of auditable financial statements for the Department of Defense.

(b) USE OF FUNDING AND RESOURCES.—The Secretary of Defense may use science and technology funding, prototypes, and test and evaluation resources as appropriate in support of deployment of technologies and services as described in subsection (a).

(Added and amended Pub. L. 115-91, div. A, title X, §1002(f)(1), (2), Dec. 12, 2017, 131 Stat. 1541, 1542, §254a; renumbered §240e, Pub. L. 115-232, div. A, title X, §1002(a)(1)(A), Aug. 13, 2018, 132 Stat. 1945.)

#### Editorial Notes

##### CODIFICATION

Text of section, as added by Pub. L. 115-91, is based on text of subsecs. (a) and (b) of section 1003 of Pub. L. 114-328, div. A, title X, Dec. 23, 2016, 130 Stat. 2380, which were formerly set out in a note under section 2222 of this title, prior to repeal by Pub. L. 115-91, div. A, title X, §1002(f)(3), Dec. 12, 2017, 131 Stat. 1542.

##### REFERENCES IN TEXT

Chapter 137 of this title, referred to in subsec. (a), was repealed by Pub. L. 116-283, div. A, title XVIII, §1881(a), Jan. 1, 2021, 134 Stat. 4293, effective Jan. 1, 2022, in conjunction with the transfer and reorganization of acquisition provisions in this title by Pub. L. 116-283, div. A, title XVIII, Jan. 1, 2022, 134 Stat. 4149. For definition of “chapter 137 legacy provisions”, see section 3016 of this title.

##### AMENDMENTS

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

2017—Subsec. (a). Pub. L. 115-91, §1002(f)(2)(A), substituted “of this title” for “of title 10, United States Code,” and struck out “, as soon as practicable,” after “develop”.

Subsec. (b). Pub. L. 115-91, §1002(f)(2)(B), substituted “deployment of technologies and services as described in subsection (a)” for “this deployment”.

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