

## A Brief History of the Comptroller's Office

The office of the Under Secretary of Defense (Comptroller) was created as part of the Department of Defense in the years immediately following the Second World War. Throughout that conflict – and for most of the nation's history – the defense of the United States was the responsibility of two separate organizations, the War Department (which oversaw the Army) and the Department of the Navy, each with its own budget and financial operations.



Seals for the War Department, and the Department of the Navy

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Shortly after World War II ended, the U.S. Government took steps to reorganize and consolidate national security. President Truman summarized the need in a message to Congress in December, 1945. He wrote, "Technological developments have made the Armed Services much more dependent upon each other than ever before. The boundaries that once separated the Army's battlefield from the Navy's battlefield have been virtually erased.... True preparedness now means preparedness not alone in armaments and numbers of men, but preparedness in organization also."

President Truman signed the National Security Act of 1947 and reorganized military forces by merging the Department of War and the Department of the Navy into the National Military Establishment (later the Department of Defense) and creating the U.S. Air Force. The act also created the CIA and the National Security Council.

Congress responded with passage of the National Security Act of 1947 (Public Law 253, 80th Congress), which established an Air Force and unified the Services into a National Military Establishment for the first time since 1798.

Among its many provisions, the law created the position of Secretary of Defense, with authority to appoint three Special Assistants who would assist in the performance of his official duties.



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The first Defense Secretary, James V. Forrestal, assigned one of his three Special Assistants with responsibility "for all budget, accounting, administrative service, and reporting activities...." <sup>[1]</sup>



Signing of the National Security Act of 1947



James V. Forrestal



In 1949, this arrangement was codified by the legislation that created the Department of Defense. Title IV of the amended National Security Act of 1947 (Public Law 216, 81st Congress) provided for three Assistant Secretaries, one of whom was designated as Comptroller of the Department. Section 401 of the law specified that the Comptroller would be responsible for advising the Secretary on budgetary and fiscal matters, for developing and executing the Defense budget, and for overseeing financial management across the Department.

Over the years, as the Department changed and developed in response to new threats and new technology, the Comptroller's role and title evolved as well. In 1986, the Department of Defense Reorganization Act (popularly known as "Goldwater-Nichols") changed the title of the position to Department of Defense Comptroller, with the status of an assistant secretary, but without that title. The position was upgraded to Under Secretary by the National Defense Authorization Act of 1995. Two other developments marked major milestones in the development of the Comptroller's office:

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In 1965, Secretary of Defense Robert S. McNamara created the Defense Contract Audit Agency (DCAA) as a separate agency of DoD under the authority, direction, and control of the Under Secretary of Defense (Comptroller) and Chief Financial Officer. DCAA's mission is to provide standardized contract audit services for the Department, as well as accounting and financial advisory services regarding contracts and subcontracts for all DoD components that are responsible for procurement and contract administration. In 2007, DCAA audited \$358 billion in contracts and saved the Department \$2.4 billion.



In 1991, Secretary of Defense Dick Cheney created the Defense Finance and Accounting Service (DFAS) to consolidate finance and accounting operations, reduce costs, and strengthen financial management. Today, DFAS is the largest financial and accounting operation in the world. In 2006 alone, DFAS processed more than 145 million pay transactions and 14 million commercial invoices, paid out \$424 billion in payroll, managed \$21 billion in foreign military sales, and maintained 57 million general ledger accounts.



Assistant Secretary of Defense Robert Anthony



ASD Borsting interviewed by the media



ASD John Hamre conducts a Pentagon press conference



USD(C) Zakheim hosts Sheikh Hamdan Bin Zayed Al Nahyan, Minister of State for Foreign Affairs for the UAE

In the six decades of their existence, the Department of Defense and the Office of Under Secretary (Comptroller) have developed and changed. Today, in addition to managing the development and execution of the Defense budget, there is renewed emphasis on improving financial management across the Department to ensure that taxpayer resources are managed wisely and efficiently. The bottom line, as always, is to ensure that the U.S. military has the resources needed to protect and defend the United States, its interests, and its people.



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Assistant Secretary of Defense  
(Comptroller) Jack Borsting displays FY 83 DoD Budget  
Paperwork prepared for Congress



On 24 March 2010 the Honorable Robert F. Hale was the  
speaker for this month's Developing FM Leaders for the 21st  
Century (DFML21) open forum.



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<sup>[1]</sup> First Report of the Secretary of Defense, 1948, p. 30.