Department of Defense at a Glance  www.defense.gov

BRIEF HISTORY

• The Army, Navy, and Marine Corps were established in 1775, in concurrence with the American Revolution.
• The War Department was established in 1789, and was the precursor to what is now the Department of Defense.
• The Coast Guard (part of the Department of Homeland Security during peace time) was established in 1790.
• The Department of the Navy was established in 1798.
• The National Security Act of 1947 renamed the Department of War as the Department of the Army, created the Department of the Air Force, and unified command of the Military Departments under the “National Military Establishment” headed by a Secretary of Defense.
• The Department of Defense Reorganization Act of 1958 established the Combatant Commands.

MISSION

To provide the military forces needed to deter war and protect the security of our country.

HEADQUARTERS

The Department of Defense is headquartered at the Pentagon, located in Arlington, Virginia. The Pentagon is one of the world’s largest office buildings – it has 17.5 miles of hallways, three times the floor space of the Empire State Building, and houses about 26,000 employees.

Pentagon Tour information.

EMPLOYEES

The Department of Defense is the country’s largest employer, with more than 2.1 million Military Service members and over 770 thousand civilian employees.

For information on DoD Humanitarian Efforts, go to DoD Helping Hands.

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About the Department of Defense Agency Financial Report

The United States Department of Defense (DoD) Agency Financial Report (AFR) for Fiscal Year (FY) 2019 provides an overview of the Department’s financial information as well as preliminary summary-level performance results. The AFR demonstrates to the Congress, the President, and the public the Department’s commitment to its mission and to accountability and stewardship over the resources entrusted to it. This report satisfies the reporting requirements contained in the following legislation:

- Federal Managers’ Financial Integrity Act (FMFIA) of 1982 – requires ongoing evaluations and reports of the adequacy of internal accounting and administrative controls;
- Chief Financial Officers (CFO) Act of 1990 – established the position of Chief Financial Officer and requires audited financial statements for each major executive agency;
- Government Management Reform Act (GMRA) of 1994 – delegates authority to the Director of the Office of Management and Budget to prescribe the form and content of the financial statements and to identify the components of executive agencies that will be required to have audited financial statements;
- Reports Consolidation Act of 2000 – permits agencies to consolidate any statutorily required reports into a single annual report and requires certain information be contained in the consolidated report;
- Accountability of Tax Dollars Act (ATDA) of 2002 – expands the requirement for audited financial statements to additional executive agencies;
- Improper Payments Information Act (IPIA) of 2002, as amended by Improper Payments Elimination and Recovery Act (IPERA) of 2010 and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 – requires agencies to report on their efforts to identify, prevent, reduce, and recover improper payments;
- Fraud Reduction and Data Analytics Act of 2015 – requires agencies to report on progress in implementing financial and administrative controls related to fraud, identifying risks and vulnerabilities to fraud, and establishing steps to curb fraud.

Pursuant to Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, the Department produces two separate annual reports in lieu of a combined Performance and Accountability Report (PAR):

- An AFR, published in November 2019, which focuses primarily on financial results and a high-level discussion of performance results, and
- An Annual Performance Report (APR), published in February 2020, which details DoD strategic goals and performance measures and results.

The estimated cost of this report or study for the Department of Defense is approximately $436,000 in Fiscal Years 2019 – 2020. This includes $158,000 in expenses and $279,000 in DoD labor.
Each section cover of this report features a picture and story about Military Service members from their respective Service’s website.

Click the pictures for their full stories.
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The Management’s Discussion and Analysis (MD&A) section provides a high-level overview of the Department’s programmatic and financial performance. This section includes a summary of the Department’s mission and structure, the current status of financial management systems, compliance with laws and regulations, and management assurances regarding internal controls.

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MESSAGE FROM THE SECRETARY OF DEFENSE

November 15, 2019

On behalf of our nation’s sentinels serving at home and around the world, I am honored to present the Department of Defense Agency Financial Report for Fiscal Year 2019. This report provides the President, Congress, and the American people with information on the taxpayer resources entrusted to the Department in fiscal year 2019, as well as the means to assess our management of those resources, our accomplishments, challenges, and vision for the future.

Our mission at the Department of Defense is to provide the combat-credible military forces needed to deter war, ensure our national security, and protect our vital interests. Should deterrence fail, the Joint Force is prepared to fight and win. Reinforcing America’s traditional tool of diplomacy, the Department provides military options so the President and our diplomats always negotiate from positions of strength. The strategic approach outlined in the National Defense Strategy continues to guide and inform our plans and actions as we fulfill this critical role. The Management’s Discussion and Analysis section of this report provides additional information on the alignment of our efforts to the National Defense Strategy.

This year, the Department continued its annual full-scope financial statement audit regimen. As expected, the audit resulted in a Disclaimer of Opinion and the identification of multiple material weaknesses. However, we have made some progress and auditor findings and recommendations continue to provide us with invaluable information that help us target and prioritize corrective actions as we strive to achieve an unmodified audit opinion. The Management’s Discussion and Analysis section of this report provides my Statement of Assurance, which outlines the Department’s assessment of material weaknesses and compliance with relevant laws and regulations. The Financial Section of this report provides the independent auditor’s report, which details the results of the audit.

Along with our audit remediation efforts, we are devoted to modernizing and reforming our business practices to ensure effective stewardship of taxpayer resources. In this era of mounting fiscal challenges and competing demands, we have a responsibility to gain full value from every taxpayer dollar spent on defense. We are actively seeking ways to identify and execute any opportunity that improves our support to the warfighter and enhances the efficient use of our resources. These efficiency enhancements will free up time, money, and manpower that can be reallocated to our highest priorities in support of the National Defense Strategy.

We in the Department of Defense are grateful to the Congress for its support and investment in us, which has allowed us to continue our vital work in protecting the American people and our interests. We continue to strive to demonstrate that the Department manages its resources with the same precision and confidence that we bring to our military operations. I am certain that reading this report will impart a greater understanding and appreciation for the Department’s complexities and commitment to fiscal transparency and effectiveness.

Dr. Mark T. Esper
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