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
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Executive Summary

Title: The Need for a Headquarters Marine Corps Comptroller

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Thesis: The key to addressing deficiencies in financial management performance at Headquarters Marine Corps (HQMC) is to establish a legitimate structure that ensures proper authority with clear lines of accountability exist to establish policy and provide oversight of the process leading to an increase in auditability and more efficient use of resources.

Discussion: The U.S. Marine Corps (USMC) has led the way in auditability of financial records for the Department of Defense (DoD), becoming the first Service to receive an unqualified opinion of its Schedule of Budgetary Activity (SBA). However, with increased scrutiny by DoD and Congress and the need to remain competitive in an era of declining budgets, it is imperative that the USMC reaches full auditability. The financial management performance at HQMC suffers from an ill-defined financial structure and an uncoordinated oversight. In addition, the financial structure at HQMC does not meet all the regulations on organization and does not follow USMC financial philosophy and command and control (C2) doctrine. The C2 relationships at HQMC are complex and the financial structure adds an additional layer, which has allowed the organization to veer from established regulations. Although the financial regulations do allow some flexibility in organization to meet the needs of the institution, the theme of accountability and authority are consistent. The establishment of a legitimate HQMC comptroller will resolve many of the current issues. Comparing the current HQMC financial structure to a proven model, the MEF/MHG model, highlights the inconsistencies. In addition, by understanding the need for legitimacy in the comptroller position, the most accurate location and organizational structure can be identified. Analysis identified two recommendations based on statute, regulations, USMC financial philosophy, and C2. First, transferring command authority for Marine Corps National Capital Region from Commanding General, Marine Corps Installations Command to Director of Marine Corps Staff would more accurately align all financial functions under a single commander, allowing for the establishment of a legitimate HQMC comptroller, addressing all of the current structure issues, and improving unity of command. The second option requires the Fiscal Director of the Marine Corps (DMCS) to assume the responsibility as HQMC comptroller. This will require standing up a task organized staff under her authority. This option would address the current structure issues and have the proper legitimacy; however, there would still be some organizational issues that would require coordination and would not affect unity of command like the first option does.

Conclusion: The two recommendations that have been set forth adhere to statutes and regulations on financial management structure and follow the USMC philosophy of command. The options were looked at strictly through a financial management lens. Although either option will work, transferring command authority to DMCS provides the clearest organization structure and would improve unity of command by having all financial functions reporting to a single commander. This would most closely resemble the familiar and proven organization of the MEF/MHG construct. By doing this, HQMC financial performance will increase and the Marine Corps overall will move closer to full auditability.

DISCLAIMER

THE OPINIONS AND CONCLUSIONS EXPRESSED HEREIN ARE THOSE OF THE INDIVIDUAL STUDENT AUTHOR AND DO NOT NECESSARILY REPRESENT THE VIEWS OF EITHER THE MARINE CORPS COMMAND AND STAFF COLLEGE OR ANY OTHER GOVERNMENTAL AGENCY. REFERENCES TO THIS STUDY SHOULD INCLUDE THE FOREGOING STATEMENT.

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Preface

The structure at HQMC has been a topic of discussion for years in the financial community, and I am thankful for the opportunity to add to the discussion and debate. In selecting a topic, I wanted a subject that would allow me to add value to a current USMC issue; I hope my work on this topic will do just that. Although I looked at this issue solely through a financial management lens and there are a number of other issues that need further research, the need to establish a legitimate financial organization that can provide consolidated oversight for the HQMC staff is evident and will lead to better management of the citizens' precious dollars, in which we are entrusted.

While researching and writing this paper, I received guidance and assistance from a variety of professionals throughout the Marine Corps. First, my military Faculty Advisor, Lieutenant Colonel Winston Gould, United States Air Force, provided superb instruction, guidance, and mentorship throughout the academic year. Second, my civilian Faculty and Thesis Advisor, Dr. James Joyner introduced me to the world of security studies and challenged me to not accept the easy answer, in addition to helping me develop my writing skills. The ladies at the Leadership Communications Skills Center (LCSC), Dr. Linda Di Desidero, Ms. Andrea Hamlen, and Mrs. Stase Wells who proofread and assisted me in my writing throughout the year.

I would also like to thank all those financial management professionals from the HQMC staff that took time to meet with me and share their thoughts and opinions on this topic. I would especially like to thank Colonel Richard Pauly who not only provided guidance, mentorship, and advice while I developed this paper, but also has throughout my career in financial management.

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The United States Marine Corps (USMC) faces a fiscal environment paved with budget reductions and increased scrutiny over resource execution and accountability. To develop and maintain the capabilities needed to meet its Title 10 requirements and remain competitive in the fight for scarce resources, the USMC will have to continue to improve its financial performance and reach full auditability.

There are tangible benefits from achieving auditability; besides the assurance of USMC leadership that resources are properly accounted for, one study indicated a possible 3:1 return on investment on dollars spent on audit preparation.¹ Current statute requires all Services to be fully auditable by 2017.² Headquarters, Marine Corps (HQMC) consistently leads major commands in abnormal financial transactions, putting auditability and several millions of dollars at risk.

One theory to increase accountability and reduce abnormal transactions at HQMC is to establish a comptroller's office that would provide full spectrum financial oversight and services to staff directorates. Currently, HQMC financial management is decentralized with autonomous fund managers assuming comptroller duties and responsibilities. There are a number of issues with the current financial structure at HQMC; primarily, it is not consistent with financial management organization regulations and USMC financial management philosophy and its possible effect on financial performance. The key to addressing deficiencies in financial management performance at HQMC is to establish a legitimate structure that ensures proper authority with clear lines of accountability exist to establish policy and provide oversight of the process. This will facilitate improved guidance dissemination, management oversight, and performance by ensuring fiduciary duty and liability are aligned with the legal authority to hold personnel accountable leading to increased auditability.

Why is this important?

Ensuring improvement in financial management at HQMC is important for two reasons: senior DoD leadership and Congress's focus on reaching an unqualified audit opinion and increased competition for resources.

Increased Focus on Accountability

Over the last decade, all of the Secretaries of Defense have increased focus on reaching an unqualified audit opinion, partly because of increased Congressional pressure, but more as a way to find additional resources and deal with declining budgets.³ DoD is the largest part of the federal budget and the only department that has not achieved audit readiness.⁴ Although there have been statutory requirements for auditability for decades, the focus began in earnest with the 1990 Chief Financial Officer (CFO) Act.⁵ The intent behind the CFO Act was three fold: establish a statutory-supported financial structure including a CFO in each federal department and agency; provide improvement in financial accountability in system management, internal controls, and information dissemination reducing the opportunity for fraud, waste, and abuse; and produce complete, reliable financial statements that senior executives can use for decision making⁶ Congress passed several other laws since then that have added and further clarified transparency and accountability requirements to federal financial management.⁷ Most recently in the 2010 National Defense Authorization Act, Congress made statutory requirements of the DoD Financial Information and Audit Readiness (FIAR) plan including that all Services' validate their financial statements as ready for audit by 2017.⁸ Appendix A contains a summary of the laws and regulations that pertain to financial structure in the DoD.

In 2012, the USMC became the first Service component to receive an unqualified audit on the Schedule of Budgetary Activity (SBA).⁹ However, the SBA is only part of the larger FIAR goal

of an unqualified full financial audit; this will require the USMC to fully assess budgetary resources and critical assets accountability.¹⁰ The USMC agreed to serve as the implementing Service for the FIAR plan in 2009. The USMC failed to receive auditability in 2010 and 2011, but several lessons were learned from those experiences that led to receiving the unqualified opinion for its 2012 statement.¹¹ The Government Accountability Office (GAO) suggested, among other things, the USMC needed to insure completeness and accuracy at the transaction level, perform key reconciliations, and provide timely audit response and documentation.¹² The Deputy Commandant for Programs and Resources (DC P&R) is responsible to the Commandant of the Marine Corps (CMC) and Secretary of the Navy (SecNav) for the complete financial management the Service and has led the effort to increase financial accountability and performance.¹³ HQMC financial performance exemplifies the issues noted in the GAO report and leadership must address them as the USMC moves closer to full auditability.

Financial Necessity

It is arguable that auditable financial statements will lead to efficient use of the data produced by the reports or provide top-level defense leaders with a financial tool to facilitate informed decisions;¹⁴ however, the process of reaching an unqualified audit does have benefits and will be necessary for USMC to remain competitive for resources. John A. Knubel, who served as Special Assistant to the Deputy Assistant Secretary of the Navy for Financial Operations, noted that an independent analysis of the USMC assertion process¹⁵ prior to the 2010 audit concluded a 3:1 return on investment (ROI) in resources expended on audit preparation, primarily by reducing “leakage” from the accounting process.¹⁶ This type of recoupment of funding, whether actual savings or just cost avoidance,¹⁷ provides additional opportunities to meet mission critical

needs. In addition, the increased competition for federal dollars will likely continue between departments, as well as within the Pentagon, as the Services and agencies continue to deal with pressurized budgets and the need to fund new capabilities. In order to stay competitive in the Federal budget fight, the USMC must maintain unqualified audit opinions to help demonstrate its stewardship of taxpayer dollars and its ability to achieve the most use of every dollar. Since HQMC staff executes or influences such a large portion of the USMC budget, the requirement for stewardship and efficiency is magnified.

Marine Corps Financial Management Philosophy and C2

The Marine Corps Manual (MCM) addresses the USMC philosophy on financial management and it is based on the premise that the management of finances is inherent to command.¹⁸ In actuality, accountability for all assets, whether in the form of equipment, weapons, supplies, services, or funding is the responsibility of the commander. Commanders are charged with ensuring that all appropriated funds received are utilized toward “achieving maximum operational potential” while obtaining the “highest level of efficiency and economy.”¹⁹ With this charge, commanders are given the maximum flexibility and, within law, minimum restrictions in managing their funds. Commanders’ responsibilities for their commands are absolute, meaning that they can delegate authority to subordinates, but not responsibility. As pertaining to financial management, the commander is personally responsible for any unauthorized commitment or expenditure of funds made by him or a subordinate in accordance with U.S. Code and regulations.²⁰

To assist commanders in these responsibilities, they must design a control system to facilitate information flow and decision-making. Marine Corps command and control (C2) doctrine states

that basic elements of command and control are people, information, and the C2 support structure. C2 exists to support people—people drive the C2 system and make things happen. The aim of the system is not to “eliminate or lessen the role of people or to make them act like robots, but rather to help them perform better.”²¹ The second element of C2, information, is what gives structure and shape to the material world, and allows people to achieve an understanding of the situation around them. Information helps create situational awareness in decision-making and then directs and coordinates actions in the execution of that decision. The final element is the C2 support structure, “which aids the people who create, disseminate, and use information.”²² USMC financial management philosophy attempts to adhere to this doctrine by ensuring individuals in a command have the proper authority to gather and disseminate information.

In those commands that have complex financial management programs, the commander gives delegated authority to the comptroller for the monitoring and coordination of the command’s financial plan and information.²³ Positioning of the comptroller is in accordance with SECNAVINST 7000.27B that requires the comptroller to have “direct and unfettered access to the head of the activity for full command authority.”²⁴ The comptroller may report administratively via a vice commander, deputy, chief of staff, or similar position, but must not be “more than one level beneath the head of the activity.”²⁵ In addition, the comptroller and select members of their staff are the only ones authorized to sign funding documents moving resources in and out of a command.²⁶

The comptroller also has a full complement of resources and subject matter experts to assist in the management of the command’s resources and in the development of policy and guidance to ensure efficiency and accuracy. Resident in the comptroller office is a Financial Management

Resource Officer (FMRO), which is responsible for assisting with fund manager associated duties and the Resource, Evaluation, and Analysis (REA) Officer, which assists commanders and fund managers with ensuring adequate internal controls are in place.²⁷ The comptroller is responsible for the total oversight of the command's financial structure including policy and guidance development, budget formulation and execution, accounting, audit, and internal controls over financial reporting.²⁸ The comptroller also provides training and oversight to fund managers in performance of their financial responsibilities.

Fund managers are a critical part of the financial structure of a unit. Commanders appoint fund managers in writing with the recommendation of the comptroller. Marine Corps Order 7300.21A define fund managers as those staff sections, departments, battalions, regiments, or other organizations that receive a funding authorization.²⁹ Their duties vary widely including compiling and executing their organization's budget and financial plan, preparing and maintaining source documentation, and reconciling transactions.³⁰ Fund managers' duties may require a staff of several employees or may simply be a collateral duty of one, depending on the complexity of the financial plan required to support a unit's mission.

The assignment as a fund manager or a comptroller does not grant the authority to actually purchase supplies and services, but only to coordinate and authorize the expenditure. Regulations require that individuals operate under requisitional authority when obligating the government through the purchase of supplies, equipment, and services.³¹ If the commander delegates it, fund managers can obligate funds through certain limited types of action, such as travel, training, supplies, and purchase card items under an established internal control system.³² The commander typically assigns the management of these systems to the supply officer who has delegated requisition authority.³³ The supply officer is crucial to accountability in the command.

He or she provides the intersection between fund management and accountability for supplies and materials. Properly functioning, the supply officer should have knowledge and give approval for all purchases in the unit, thus ensuring accountability for all resources. An example of the system may help to clarify the process and relationships.

USMC Financial Management C2 in Action: MEF/MHG Construct

USMC financial structure typically follows the command and control structure for a unit and is evident when looking at the financial structure in a Marine Expeditionary Force (MEF). The MEF commanders at every level receive their funding authority through the MCM by appointment to their posts. The MEF and major subordinate command (MSC) commanders appoint their comptrollers to conduct financial management on their behalf. Each regiment and battalion commander will appoint someone on his or her staff, typically the supply officer, as a fund manager. The supply officer is typically the single point for executing the command fund plan through approval of purchasing via various financial feeder systems.

The headquarters staff works somewhat differently. The MEF commander, based on the recommendation of the staff director and the comptroller, appoints an individual in each staff section as a fund manager to coordinate the financial management of that organization. Each MEF has a Headquarters Group (MHG), which is responsible for the administration of all Marines in the command element (CE) and for the logistics support to the headquarters. The MHG commander reports directly to the MEF commanding general and holds the requisitional authority for MEF staff and administrative responsibility for all the Marines assigned to the command element (CE). The supply officer typically controls access to all financial feeder systems and grants access to those fund managers and others as needed. The MHG supply officer

makes all purchases as directed/requested by the fund manager of each section. This ensures a separation of duties as required in regulations and makes a single source accountable for the tracking of goods and services flowing into the MEF CE.

Each MEF CE operates slightly differently based on the division of responsibilities between the MEF comptroller and the MHG comptroller.³⁴ This type of flexibility is appropriate if the two organizations properly document the procedures and policies, helping to ensure no duplication in responsibilities. Appendix B provides two examples of the financial C2 structure of the MEF/MHG construct.

This example demonstrates USMC financial philosophy in action and is in accordance with all financial structure regulations. The MEF and MHG commanders position the comptrollers to provide legitimate control for the total financial management of the organizations. Members of the units view the comptroller as having the legal, positional, and expert authority for all financial matters. The design of the C2 structure, facilitated by the various systems ensure that only authorized individuals, appointed by the commander, have access to resources to obligate funds on his or her behalf providing the power to enforce regulations to the comptroller. Although this arrangement does allow for some flexibility, the commander appoints anyone involved in the process of executing funds. It also allows the commander to allocate resources only for programs and capabilities that support his intent, thus fostering unity of command and the ability for the commander to hold individuals accountable for all financial transactions.

HQMC Financial Management Structure

HQMC has an extremely complex C2 structure and the financial portion of that is even more complex. The HQMC staff structure does not follow the typical “G” organization structure

common in other general level commands, but instead has Title 10 U.S. Code authorized Deputy Commandants that lead directorates with broad areas of responsibilities. In addition, there are twelve other offices that support the CMC; all HQMC organizations report through the Assistant CMC (ACMC) and/or the Director, Marine Corps Staff (DMCS). In 2006, the CMC upgraded the DMCS billet from a Colonial to a Lieutenant General and gave the position greater authority to “improve the efficiency and effectiveness of administrative and management support to the Commandant.”³⁵

As part of the restructure, the Administrative and Resource Management (AR) Division, HQMC received increased personnel to enable additional capacity and support the upgraded DMCS position. Contained in AR is a fiscal department (ARF) that holds fund manager responsibilities for a large portion of the staff. Many staff sections’ funding flows through ARF; however P&R directly funds others, which causes some confusion on reporting and guidance and policy formulation. Further complicating the financial structure is the execution of funding for the headquarters. Headquarters and Service Battalion (H&S Bn)/Henderson Hall (HH) is similar to MHG in the types of support that it provides to the HQMC staff.³⁶ Unlike the MEF structure where the MHG supply officer makes all purchases, H&S Bn makes some purchases for HQMC staff while some staff sections purchase other items themselves.

Like the MEF, each staff section has a fund manager; however, over time, the decentralized command structure has facilitated many directorates and sections establishing internal financial sections that operate with varying levels of autonomy and all outside the scope of a centralized comptroller.³⁷ Arguably, P&R acts as the comptroller for HQMC; however, P&R does not have consolidated oversight of the entire headquarters and its focus is on USMC writ large. Each P&R section does provide assistance to staff offices to varying degrees, but there is not a

centralized office or section that provides synthesized oversight. The majority of financial management seems to occur at the action officer level through personally established networks and not official channels, at least not senior management.³⁸ Some of the directorate financial staffs have assumed comptroller-like responsibilities and have assumed purchasing and fund authorization responsibilities outside the supply officer's purview and command requisitional authority. Directorate credit cards and PR Builder systems access is granted under non-H&S Bn DoD Activity Address Codes (DODACC), making accountability for materials, supplies, and services virtually impossible for the commander.³⁹

Issues with current structure

There are a number of issues with the current financial structure at HQMC; primarily, it is not consistent with financial management organization regulations and USMC financial management philosophy and its possible effect on financial performance. The CMC appointed the Assistant DC, Resources (ADC Resources) as the Fiscal Director of the Marine Corps⁴⁰ (FDMC) and most of the HQMC staff view her as the "Comptroller of the Marine Corps." The FDMC reports administratively to the DC, P&R who reports to the CMC. The position meets all the requirements for the positioning of the comptroller, allowing for access to and not being more than one administrative position below the commander.⁴¹ The appointment letter provides the legal and positional authority to function as the comptroller for the HQMC staff. In keeping with the regulations, a select number of P&R employees receive delegated authority to sign funding documents.⁴² However, P&R's functional organization is not structured to provide coordinated oversight of the staff. This may be one reason that the staff directorates have become somewhat autonomous and assumed comptroller functions like the signing of funding documents, which

stands in violation of SECNAVINST 7000.27B. This decentralized financial management is also not in line with USMC financial management philosophy and does not provide a sufficient C2 support structure over resources.

HQMC's decentralized financial management organization does not provide an adequate level of oversight and control, is not conducted under the command authority according to the MCM, or structured as outlined in SECNAVINST 7000.27B. In the absence of clear guidance and policy on the financial structure, many HQMC organizations have assumed command authority in regards to financial management; commanders do not sign required appointment letters but are signed by a deputy commandant, director, or in some cases, a branch head.⁴³ This, combined with multiple DODACCs with requisitional authority at the headquarters, has allowed organizations to secure supplies, materials, and contracted services outside the purview of the commander in violation of SECNAVIST 4400.150.

This does not allow the commander to ensure his responsibility of adequate controls is in place for accountability of resources and impedes his ability to hold individuals accountable for instances of fraud, waste, abuse, and mismanagement. This assumes that the commander discussed here is the CMC; however, the CO, H&S Bn conducts the majority of local execution (the actual spending of funds), not the HQMC staff. That has its own issue: the command relationship between H&S Bn and higher headquarters. The H&S Bn commander reports to DMCS. However, command and legal authority for H&S Bn follow CG, Marine Corps National Capitol Region (MCNCR).⁴⁴ Regardless, neither commander has appointed anyone on the HQMC staff command authority for financial management except FDMC.

Further complicating the C2 structure is ARF division. Originally organized to act as a "comptroller" for the staff,⁴⁵ ARF has never fully achieved the desired end state. ARF has a

robust staff that, with some augmentation, likely has the capacity to handle all HQMC funding and currently provides varying levels of comptroller functions for the majority of staff organizations.⁴⁶ However, ARF lacks the command and positional authority to function in that capacity. No commander has designated ARF as a fund manager or otherwise as responsible for financial management of the staff. In addition, ARF is at least three positions below CMC and has limited access to DMCS. This reduces its legitimacy through the staff for developing guidance and policy and enforcement of regulations.⁴⁷ In addition, AR and H&S Bn provide similar services, which creates some confusion throughout the staff.⁴⁸ For example, H&S Bn is responsible for all uniformed Marines assigned to HQMC; this is accomplished through the morning report. The morning report also accounts for civilians; however, the financial accounting (time sheets) for civilians is reported through AR along with all of their administration outside the purview of the H&S Bn commander. Civilian employees carry out the predominance of the financial management for the headquarters; the H&S Bn commander has no authority to hold them accountable under the current structure.

The lack of centralized financial management may have led to a reduction in financial performance by the headquarters in general. In 2012, P&R, Accounting and Financial Systems (RFA) developed the Performance Metric Indicators (PMI) report, which tracks abnormal financial transactions throughout the Marine Corps. Abnormal accounting transactions not only affect auditability but also represent potentially lost opportunity in the form of leakage from the financial system. Consistently, HQMC has the highest number of abnormal transactions corresponding to the largest amount of dollars at risk.⁴⁹ In addition, P&R conducts a Marine Corps wide internal control process known as the tri-annual review (TAR) that “assess whether commitments and obligations recorded are bona fide needs of the appropriations charged.”⁵⁰ An

analysis of this document shows that although the percentage of HQMC transaction adjustments is slightly higher than other major units, the dollar figures of adjustments are the highest. In the summer of 2014, the Marine Corps Financial Evaluation and Analysis Team (MCFEAT) conducted a series of audits throughout HQMC to measure “financial performance, effectiveness of controls over financial operations, compliance with financial-related laws and regulation; and to assess...overall audit readiness.”⁵¹ The result showed a trend throughout the headquarters of discrepancies and deficiencies but does not elaborate on the severity of the results.

The PMI report lists a number of variables that affect the financial performance of a unit including some system errors that are beyond the control of financial managers.⁵² However, many of these variables are missed and compounded because of a structure that does not provide adequate oversight, analysis, and guidance. Regardless of the reasons for poor performance, these results are the same—audit risk because of the doubt of the validity and accuracy of financial data and lost opportunity for the Marine Corps in general.

Establishing a HQMC comptroller could address the issues

Admittedly, it would be difficult to point to hard evidence that a centralized comptroller will answer all the issues that HQMC faces in regards to financial structure and performance; however, the empirical model suggests that the addition of a legitimate comptroller would help to provide the expertise to identify trends and the access and authority to address the issues. In a recent article, Colonel Jeffery Powell, commandant of the Army Financial Management School and Chief of the Finance Corps, explained that resident in the comptroller is the ability to focus on building, defending, and executing command budgets to meet the commander’s intent while

maximizing efficiency through detailed analysis, development of sound policy, and quick adaptation to shifting priorities.⁵³

Primary to establishing and executing a sound budget is ensuring the budget meets the commander's intent through senior level staff interaction and is responsive to changing requirements. HQMC staff directors are involved in the programming process and major budgeting milestones through their staffs and the Marine Corps Requirements Oversight Council (MROC); however, considerable time passes from the POM phase to budget, and what was programmed does not always execute as intended.⁵⁴ The execution of the budget has become primarily an action officer level process with varying input from department heads.⁵⁵

The establishing of a HQMC comptroller would bring more senior level attention to execution, which is where many HQMC audit problems reside. The comptroller would be the single point of fiscal information flow for HQMC helping to ensure expenditures are in accordance with submitted budgets and analyzing unexpected spending patterns. Since senior leadership would be more involved in the budget execution process, the comptroller could provide an unbiased look at how staff directorates are executing and then reallocate resources across the headquarters for pre-prioritized unfunded deficiencies enabling timely execution and efficient use of all HQMC allocated funding. It would also facilitate the staff working together to ensure the CMC's highest priority requirements are adequately funded.

Another advantage of a HQMC comptroller is the ability to analyze data across the staff and develop policy that creates efficiencies while taking into consideration the unique local complexities that exist. The REA capability is designed to address this very issue and may be used to tackle the very issues identified in the PMI and 2014 MCFEAT audits.⁵⁶ This ability is lacking throughout the headquarters staff as noted by the MCFEAT audits and discussions with

fund managers throughout the staff. Many fund managers appreciated the assistance and identification of areas of improvement and the hands-on training they received as part of the MCFEAT inspections. However, MCFEAT has an enterprise-wide mission, which leaves a gap in REA resources available to the HQMC staff and evidence of a requirement. Effective use of the REA helps the commander assess the adequacy and efficiency of internal command operations and helps in the timely detection and correction of conditions and practices that lead to inefficiency and violations of statute through policy development. Utilizing the REA, policy, oversight, and training, the comptroller can address increase audit readiness on the HQMC staff overall.

In addition, consolidation of financial functions under the comptroller provides the opportunity to simplify the funds flow process and ensure fund control personnel at the different levels have clearly defined fiscal responsibilities. Finally, given the correct positional authority, the comptroller would be able to consolidate some financial related functions. However, it is not likely that there would be large personnel structural decrease because of the complexity of operations throughout the HQMC staff. Regardless, consolidation would lead to less variability in some business processes, which would lead to a reduced number of abnormal transactions and increased audit readiness.

HQMC Comptroller needs legitimacy

Although the idea of military command authority based in Title 10 statute is compelling in and of itself to force action in many situations, HQMC is a large political organization with bureaucratic means of resisting the power and authority of others. For this reason, determining where the position would have the most legitimacy must be paramount when considering the

establishment of a comptroller office. For the purpose of this study, the political science definition will be used: legitimacy is the general acceptance of authority by those governed.⁵⁷ Legitimacy is derived from a combination of power and authority.⁵⁸ Having legitimacy as the HQMC comptroller is essential to being able to influence proper financial management throughout the organization and avoiding or lessening the bureaucratic retardation of others.

Legitimacy flows from authority. Looking at three types of authority will help understand how authority establishes legitimacy. First, common acceptance of governance in general and the natural inclination to follow the law helps to establish legal authority. For the comptroller, that comes in the form of statute and regulations that establish he or she as the chief agent in an organization for financial management. Second, by placing the position at a level that provides access to previously recognized legitimate authorities (e.g. senior leaders and commander) positional authority is established. In this case, the legal authority has facilitated this authority by defining where a comptroller is positioned in relation to the organization head; however, the view or importance the senior leadership put on the position greatly influences how those in the organization legitimize the position. Finally, expert authority is partially derived from positional authority, but mainly through expertise in a given field (e.g. the “authority” on financial management). This type of authority is essential to establishing legitimacy for a HQMC comptroller and can be derived through a combination of professional pedigree, rank, and education. The HQMC comptroller would need to be of such a grade that it would attract the right combination of experience and education, but also of a significant grade to lend credibility to the position in interaction with senior management.

Power is essential to exercise authority and establish legitimacy. Power is the ability to compel action in others whether through persuasion or coercion.⁵⁹ To wield or use power, there

must be mechanisms in place to compel those that will perform the actions. In the case of financial management for HQMC, controlling all aspects of planning, programming, budget, and execution (PPBE) through access to financial systems and especially through fund flow provides the requisite power. The HQMC comptroller should have full authority to administer all funding for all staff sections, including those located outside the Pentagon. This power combined with proper authority will help establish legitimacy throughout the staff. Power and authority are critical to establishing legitimacy of a comptroller in a complex organization like HQMC.

Although P&R arguably has the power and authority to act as the HQMC comptroller, it has made no real attempt to establish or organize itself in that capacity. Two organizations have made a claim: H&S Bn and ARF. However, when analyzing their claims against the criteria above, both claims fall short of legitimacy.

H&S Bn has legitimacy for administrative control over Marines, but not for financial management. The HQMC staff view H&S Bn more as a service provider for the staff and not as the authority on financial matters. It does not control the entire PPBE process as it only executed the funding that ARF passes. The battalion does wield power through the use of systems, in particular the supply system that helps to control the staff. However, it does not control access to all of the systems; this is a power shared with ARF. The actual power to purchase is resolute with H&S Bn, which provides a great deal of control, for those transactions. H&S Bn does have the legal authority for financial management for local purchases of supplies and services; however, arguably, it does not have that authority for everything the staff manages, in particular enterprise level programs. Positional authority is also a problem for H&S Bn. Commanded by a colonel, his peers in reporting to DMCS are 3-stars who likely weight his recommendations and influence according to rank. In addition, the H&S Bn comptroller would have little to no access

to senior leadership. Overall, the location of the HQMC comptroller is likely not appropriate for H&S Bn because it does not support all of HQMC. Those staff sections on Quantico (DC, MCCDC and DC, M&RA) are supported organically and by H&S Bn, MCB Quantico. The financial management system of HQMC is very complex. While the staff at H&S Bn are competent, they would need augmentation to handle the many types of appropriation and complexities involved. It would likely require someone with a higher level of experience and the grade position to be able to engage with the HQMC staff, which could possibly affect the structure at H&S Bn.

ARF has made strides in establishing legitimacy as a “comptroller” since the MROC decision of 2007.⁶⁰ However, the majority of the staff still views P&R as the legitimate financial management expert at HQMC. ARF controls access to several financial feeder systems, but as stated before, ARF shares this power with H&S Bn. In addition, they do not control the funding flow for all of the staff; P&R passes some funding directly to certain staff sections, reducing ARF’s power. The legal authority to act as a comptroller does not exist for ARF; it falls under CMC command authority and based on its position, falls outside being one administrative position removed from the commander.⁶¹ Further, its position does not give direct access to DMCS or other senior leaders, which makes it hard to get adequate support for policy, guidance, and enforcement. ARF does have a robust financial staff with a wide spectrum of experience; however, like H&S Bn it is not equipped to receive all HQMC funding or has the grade level for the comptroller to engage senior management.

The legitimacy of the HQMC comptroller is crucial to establishing the financial structure in the staff that will achieve better command and control and increase performance leading to

increased readiness for auditability. To achieve this for HQMC there must be a consolidation of power in the PPBE system and all three aspects of authority (legal, positional, and expertise).

Recommendation

Course of Action (COA) 1: Appoint DMCS as CG, MCNCR

Appointing DMCS as CG, MCNCR would address a number of the issues with the current structure. First, this COA would adhere to all financial organization regulations and Marine Corps financial management philosophy. Second, it would, provide adequate positional authority. Finally, it would establish better unity of command throughout the staff.

First, since DMCS would now have command authority as granted through the MCM, he would have the ability to establish a HQMC comptroller; this would fulfill the requirement as outlined in SECNAVINST 7000.27B by having the comptroller not being more than one administrative position below the commander, assuming ARF receives the assignment and still reports through Director, AR. The command authority would also give him requisitional authority to acquire the goods and services and provide him the option to consolidate all purchasing under a single supply account (e.g. H&S Bn), which would provide the most accurate accountability or establish accounts under multiple DODACCs providing increased flexibility to the directorates. Either way, financial management and accountability would be aligned under a single commander providing adequate oversight of all resources and in accordance with USMC financial management philosophy by keeping financial management inherently linked with command authority.

Second, by having the HQMC comptroller aligned with DMCS, it would provide adequate legitimacy to the position to conduct the required oversight. The staff already views DMCS as

an authority and currently coordinates many staff actions now. Adding a robust comptroller function would align with the current structure under DMCS and would add the authority and access to ARF needed for efficient management. The comptroller must be in a position to influence the commander on financial matters including developing policy and guidance, ensuring enforcement of regulations and statutes, and advising the commander on the most efficient and effective manner in resourcing command requirements. This would provide the authority that ARF claims it lacks to fully implement the financial management capability it claims to have.⁶²

Finally, the re-designation of MCNCR would provide better C2 and unity of command. With the current organization, similar functions fall under two command authorities. The H&S Bn Commander has financial and requisitional authority vested in him for all of the funding he receives. However, staff sections are executing funds, not appointed, but assumed under CMC authority. The new organization would consolidate all authority under one command, allowing DMCS to clearly delineate responsibilities between H&S Bn and AR, gain efficiencies, and strengthen accountability for all resources. This would also be inline with the responsibilities of improving efficiency and effectiveness of administrative and management support to CMC. In addition, this organizational change would better align convening authority with the operational structure providing a more logical chain of command for the staff. Currently, MCICOM holds convening authority under I&L, meaning when a Marine needs higher than battalion-level non-judicial punishment, the Marine reports to MCICOM, not the individual the Bn Commander actually reports to.⁶³ This option allows for all command-related accountability to be unified under one commander who has the position and authority to influence activity, as well as hold everyone, military and civilian accountable for fraud, waste, abuse, and mismanagement.

Admittedly, the author does not have adequate knowledge of all the intricacies or legalities involved in a change of this magnitude; that would require further research and is beyond the scope of this paper. However, it is worth investigating and pursuing to ensure a better C2 structure and to have a system that is more inline with regulations and philosophy that is prevalent throughout the rest of the Marine Corps. There may be several difficulties involved with this type of change, as many at HQMC will view this a shift in power, authority, and flexibility; fortunately, the shift would be upwards vice laterally. Another issue will be the restructure of the fund manager community throughout the headquarters. Although there are likely to be efficiency gains in personnel with the option, especially between the ARF and H&S Bn, comptroller staffs, most of the staff sections will still require a fairly robust fund manager section to help process the thousands of requests and transactions necessary for the complex nature of HQMC business. Overtime, as the comptroller further consolidates functions, some of those positions have the potential for realignment or elimination. Finally, the HQMC staff would need to do further research on the workload impact that it would place on DMCS; the assumption is that it would not be a drastic change in workload. He would retain the Deputy Commander, MCNCR who is dual hatted as the Commander, MCB Quantico who would continue to run the day-to-day operations, in addition to H&S Bn, AR Division, and the rest of the staff to support potential operations.

COA 2: Establish Fiscal Director of the Marine Corps (FDMC) as the HQMC Comptroller

Another option that may be a little more palatable and not require a command authority shift is to follow a modified MEF/MHG model in which a HQMC comptroller would perform programing and budgeting functions for HQMC in addition to financial management for

enterprise level programs managed by the staff. Once P&R has compiled the budget, the funding would be passed to H&S Bn for execution on the HQMC staff's behalf under the commander's authority, much in the same way an MHG commander does for the MEF. P&R would execute the majority of the enterprise level programs, mainly through fund transfers, under the CMC authority. This option would be in compliance with fiscal statute and regulations and congruent with USMC financial philosophy; in addition, its location in the "USMC Comptroller's Office" would provide the needed legitimacy to operate. However, it would improve C2, but not provide the unity of command that first option offers.

First, the FDMC has the legal authority to perform as the comptroller for the HQMC staff, being much like the MEF Comptroller having responsibility for financial management of the MEF as well as the MEF staff. This will likely add a considerable workload and would require a staff dedicated to exclusively providing oversight of the HQMC staff and not the enterprise level financial management. To head the day-to-day operations of the staff, a position such as "Director of Financial Operations (DFO), HQMC" would need to be established directly under FDMC and given the legal authority to carry out the many comptroller functions needed. This delegation of authority within the comptroller's office is consistent with SECNAVINST 7000.27B. It would also be compatible with USMC financial management philosophy because the structure would operate under CMC's command authority.

Second, if the position had an appropriate grade and access to senior leadership, it would likely have the legitimacy necessary to implement policy and effectively direct the financial management efforts for HQMC. Location alone in P&R would provide a certain level of legitimacy and access. The DFO would be primarily responsible for working with the HQMC staff for programming and budgeting and H&S Bn would execute the budget under his command

authority, similar to MEF/MHG construct. In addition, the DFO would be responsible for all enterprise level program oversight. The staff for this new organization would need to cover all financial management lines of operations: programing, budgeting, accounting, and REA. An advantage to this COA is that it would reside in P&R and have direct access to all of the functional experts in the directorate. It is important to note that the positional authority really relies on the FDMC's position; she would be the comptroller, and the DFO legitimacy would come through her.

Finally, C2 would improve under this option, but unity of command would not. Financial management functions would be consolidated under two command authorities: H&S Bn for local purchase of supplies, materials, and services and CMC for enterprise program management. This system would require the H&S Bn commander to appoint fund managers under his authority to coordinate services through supply, and CMC (possibly through FDMC) would appoint fund managers for coordination of enterprise level programs. It would remove the ability of staff organizations from issuing or receiving funding documents and properly places that function in the comptroller's office under DFO. The DFO would have influence over the staff through guidance, policy, and audits of the staff. Although this option does offer a certain level of unity of command, eventually all chains of command end with CMC; it does not provide for the staff and the H&S Bn commander reporting to the same commander as the MEF/MHG construct does or as COA 1.

Although not ideal, this option would provide a legitimately accepted comptroller throughout the staff, improve C2, and likely lead to improved performance and auditability. There will need to be close coordination between the comptrollers (P&R and H&S Bn), likely in the form of a memorandum of agreement that defines each responsibility to dispel any overlap or assumptions

as to responsibilities. ARF functions would transfer to P&R along with a significant portion of the staff, which may be politically unpopular. The current structure that flows from H&S Bn through CG, MCNCR would still be in place. It may require H&S Bn to assign fund managers for local execution and CMC to assign fund managers for enterprise level funding. However, this could likely be addressed in a memorandum of agreement. In P&R, there may be some organizational confusion by the establishment of a divisional unit in the current functional structure.

Conclusion

There is an urgent need for the USMC to be fully auditable, and although it has accomplished one milestone with the SBA audit, there is still need for improvement. USMC financial philosophy and C2 doctrine help guide in the organization of units to be the most effective for the commander and is intended to be in accordance with the law and regulations as evident in the MEF/MGH construct. Although there is some flexibility to organize financially to best meet the needs of the institution, many requirements exist in statute to ensure accountability for safeguarding taxpayer funds. The C2 relationships at HQMC are complex and the financial structure adds an additional layer, which has allowed the organization to veer from established regulations. Establishing a legitimate HQMC comptroller will resolve many of the current issues with the structure. However, before any major organizational change is made there are a number of issues that require additional research.

Prior to consolidating positions and movement of structure, there are a number of issues that require further research. First, HQMC must conduct a workload analysis all fund managers to gain a clear understanding on financial functions they perform and the unique requirements of each staff section. This will help to provide insight on the additional reporting requirements of

some staff sections and identify areas for potential consolidation. Second, although beyond the scope of this paper, research on financial management structure of the other Services may provide additional insights for USMC organization. Third, it was difficult to get a sense of the performance problem at HQMC. It could be argued that performance may rise simply through training. For example, simple awareness of the PMI report may have contributed to increase performance on those measures.⁶⁴

The two recommendations set forth adhere to statute and regulations on financial management structure and follow the USMC philosophy of command. The analysis looked at this issue strictly through a financial management lens. Although either option will work, transferring command authority to DMCS provides the clearest organization structure and would improve unity of command by having all financial functions reporting to a single commander. This would most closely resemble the familiar and proven organization of the MEF/MHG construct. By doing this, HQMC financial performance will increase and the Marine Corps overall will move closer to full auditability.

Appendix A:

Statutes and Regulations Governing Financial Management

Central to proper accountability for financial management is to ensure only designated individuals with proper authority have direct access to management. This is necessary to not only reduce fraud, waste, abuse, and mismanagement, but to ensure that only leadership's prioritized requirements are being acquired with the limited funding available. As discussed earlier, several laws have been passed to shape the organization of financial management to facilitate greater accountability throughout Federal government. The DoD has been influenced by these regulations and has implemented department wide policies to improve management's oversight of the financial process.

The DoD Financial Management Regulations (FMR) addresses the requirements outlined in many of the Federal statutes pertaining to financial organizations. In particular, it fulfills the CFO Act by establishing the DoD CFO and requires all DoD components to organize themselves to best facilitate accountability within their organization. The DoD FMR along with the Managers' Internal Control Program Procedures speaks to the organization's authority to conduct financial management, and the requirements for accountability. The focus is mainly at the component and Service level, requiring these organizations to develop their own structures to ensure the intent of the regulations and statutes are achieved.

The basis for financial management organization in the DoN is found in SECNAVINST 7000.27B.⁶⁵ This regulation directs that the Commanding Officer or head of an activity as responsible for internal controls and the proper execution and reporting of funding.⁶⁶ It explains the requirements for establishing a Comptroller in a command and designates that individual as

the only one in an organization that can accept or issue funding documents. The instruction helps to ensure that access to the agency head is unfettered, thus helping the Comptroller perform their chief responsibilities of guarding against inadvertent or deliberate violations of statute or regulation⁶⁷ and advising the agency head on all financial matters. The comptroller may report via a vice commander, deputy, chief of staff, or similar position for administrative purposes, but may not be subordinate more than one level and must have direct access to the head of the agency.⁶⁸ This provides a level of positional authority and legitimacy to the comptroller for the required oversight and enforcement of regulations and policy.

At each level of government the authority to be involved in financial management is crucial to the proper functioning and accountability of the entire financial system. These authorities are found in legal statutes; in the case of DoD Title 10 and 31 of U.S. Code give the authority to DoD officials to obligate the government in performance of their agency's mission. This authority may be delegated in writing to another appointed official to assist the agency head in performance of that duty. This is done to the Service secretaries and component heads. In the case of the Navy, the Secretary grants authority and responsibility for financial management to the Service Chiefs as part of their responsibilities of overall command of the organization. CMC further delegates that responsibility to commanders in USMC Manual (MCM).

Appendix B:

Examples of MEF/MHG Financial Management C2

Personnel Accountability for the MEF CE

Accountability for personnel is a function of leadership at all levels; however it is inherently tied to command.⁶⁹ The authority for collection of accountability is an administrative function and part of the MHG Commander's responsibility as stated in the MHG mission statement. The MHG Commander delegates authority to account for personnel to the S1 section. The S1 is assisted in this responsibility by member(s) of the CE staff sections appointed to account for personnel in their respective sections via controlled access systems.⁷⁰

All of these programs and systems have a financial accounting module in them that interface with the accounting system, so access must be controlled. Each system has an electronic routing to ensure the right individual is approving the absences of employees. For example, DTS has a financial approver in the routing (typically the supply officer). This command appointed individual(s) is responsible to ensure adequate funding is available and that the correct line of accounting is selected for that period of travel. These system all lead to the S1 to facilitate information collection for appropriate action dealing with accountability. Thus both responsibility for funding and accountability reside with the single commander.

Accountability for civilian personnel is a bit more complicated. Human resources is not an inherent capability of the MEF, it relies on base support for that function. Civilian pay tracking is typically a combination of the G1 and G8 and may reside in either office. Although civilians can and do appear on the morning report, it is unclear if that information is collected at the MHG S1 or the MEF G1. Regardless, the information is consolidated at the G1 and all accountability is reported to the MEF CG.

Requisition Process for the MEF CE

Another chief responsibility of command is accountability for resources: material, supplies, equipment, and associated funding. Again, for the MEF CE, this authority resides with the MHG Commander as part of his inherent responsibility in the MHG mission statement to provide administrative and supply services. Requisitional authority or the authority to purchase supplies and services are inherent to command.⁷¹ This authority is typically vested in the MHG supply officer for all CE resources.

To assist the supply officer in his duties, each CE staff section appoints a Departmental Accountable Officials (DAO)⁷² that has accountability for equipment, supplies, materials and funding assigned for that section's mission.⁷³ Fund managers are considered DAOs and are responsible for preparing supporting documentation and providing data and information to the Certifying Officer (CO) as part of the certifying process and can be held legally and financially liable for erroneous payments. Although the commander can appoint others as COs, the supply officer is typically the only CO in the command.

Commodity requests are processed by the DAO via one of the requisition systems⁷⁴ or local procedures. These requests are typically electronically routed to the supply officer for funding certification and purchase. Once approved and the materials or services are received and accepted, the DAO would provide any supporting documentation required for the CO to certify the payment.⁷⁵

¹ John A. Knubel, “The CFO Act Financial Audit Process: A Unique Tool in DoD’s Efficiency Toolbox.” *The Journal of the American Society of Military Comptrollers* (Summer 2011) pg 33.

² Section 1003 of the National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, 123 Stat. 2190, 2439-41 (Oct. 28, 2009).

³ “U.S. Defense Secretary (SECDEF) Chuck Hagel – Audit Readiness,” YouTube video, posted by Compt WebVideos, December 9, 2013. <https://www.youtube.com/watch?v=Bm1a6JE7iZI&feature=youtu.be>

“Secretary of Defense Leon E. Panetta DoD Financial Accountability Message,” YouTube video, posted by Office of FMO, June 28, 2012. <https://www.youtube.com/watch?v=bRY1A2fRge4>

“The Pentagon can’t and won’t, meet audit deadlines,” *Capital Hill Blue*, November 18, 2013. www.capitolhillblue.com/node/50474

⁴ “2013 Financial Report of the United States Government,” Department of Treasury, Washington D.C. (2013), pg 27-28.

⁵ Christopher H. Hanks, “Financial Accountability at the DoD: Reviewing the Bidding.” *Defense AR Journal* 16 (2), pg 183.

⁶ “The Chief Financial Officers Act of 1990—20 Years Later: Report to the Congress and the Comptroller General.” Prepared by The Chief Financial Officers Council and The Council of Efficiency (July 2011) pg 4.

⁷ The Federal Managers’ Financial Integrity Act of 1982 (FMFIA) addressed internal controls in the Federal government, including both program management and financial controls. The Government Management Reform Act of 1994 expanded on the CFO Act by requiring 24 agencies to have audited financial statements. The Federal Financial Management Improvement Act of 1996 added more specific financial system, financial management standardization, and internal control standard requirements to the previous acts. The Federal Funding Accountability and Transparency Act of 2006 added new transparency and accountability requirements to Federal financial management.

⁸ Section 1003 of the National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, 123 Stat. 2190, 2439-41 (Oct. 28, 2009).

⁹ “United States Marine Corps 2012 Financial Report Schedule of Budgetary Activity for Fiscal Year 2012 Appropriations,” 2012, Headquarters, United States Marine Corps (P&R), Washington D.C. pg 15.

¹⁰ “Financial Improvement and Audit Readiness (FIAR) Plan Status Report, 2014, Department of Defense USD (Comptroller/Chief Financial Officer), pg ES-3.

¹¹ FIAR Plan Status Report, pg 13.

¹² “GAO Report to Congress. DOD FINANCIAL MANAGEMENT: Marine Corps Statement of Budgetary Resources Audit Results and Lessons Learned.” Government Accountability Office, (Sept 2011) pg 2

¹³ GAO Report, pg 2.

¹⁴ Hanks, Christopher H. pg 181-196

¹⁵ In representing that the financial statements are presented fairly in conformity with the applicable financial reporting framework, management implicitly or explicitly makes assertions regarding the recognition, measurement, presentation, and disclosure of the various elements of financial statements and related disclosures. Those assertions can be classified into the following categories: Existence, completeness, valuation or allocation, rights and obligations, presentation and disclosure. The auditor may base his or her work on financial statement assertions that differ from those in this standard if the assertions are sufficient for the auditor to identify the types of potential misstatements and to respond appropriately to the risks of material misstatement in each significant account and disclosure that has a reasonable possibility of containing misstatements that would cause the financial statements to be materially misstated, individually or in combination with other misstatements.

¹⁶ Knubel, John A. pg 33.

¹⁷ Mark E. Easton. “DoD’s Financial Audit Strategy: the Way Ahead.” *Armed Forces Comptroller* (Winter 2010) pg 13.

¹⁸ Department of the Navy, *Marine Corps Manual*. (Washington DC: U.S. Marine Corps, March 21, 1980), 1-25.

¹⁹ *Marine Corps Manual*, pg 1-15.

²⁰ *Marine Corps Manual*, pg 1-25.

For a summary of financial regulations that govern financial management in the USMC, see Appendix 1.

²¹ Headquarters U.S. Marine Corps. *Command and Control*. MCDP 6 (Washington, DC: U.S. Marine Corps, 1996), 47-52

²² *Command and Control*, 47-52.

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- ²³ Commandant of the Marine Corps, *Marine Corps Financial Management Standard Operating Procedure Manual*. MCO 7300.21A, October 2, 2008, 1-3.
- ²⁴ Secretary of the Navy, Comptroller Organizations. Instruction 7000.27B, 12 October 2012, 5.
- ²⁵ SECNAVINST 7000.27B, 5.
- ²⁶ SECNAVINST 7000.27B, 4.
- ²⁷ Commandant of the Marine Corps, *Marine Corps Financial Management Standard Operating Procedure Manual*, MCO 7300.21A, October 2, 2008, 1-3.
- ²⁸ MCO 7300.21A, 1-3.
- ²⁹ MCO 7300.21A, 1-4 to 1-5.
- ³⁰ MCO 7300.21A, 1-3.
- ³¹ MCO 4400.150, C-5.
- ³² Commandant of the Marine Corps, Consumer Level Supply Policy, MCO 4400.150, 29 Jan 2014, 1-10.
- ³³ MCO 4400.150, C-5.
- ³⁴ After contacting all three MEF Deputy Comptrollers, it was noted that all operate slightly different in how they complied the POM and budget. For example, I MHG submits a budget for the entire command element (CE), while III MHG only submits a budget for their subordinate units and the MEF G-8 compiles a budget and sends it to III MHG for execution. The execution of the budget was slightly different also, some MEF's had the entire budget executed by the MHG while other executed the MEF wide programs from the G8.
- ³⁵ General Robert Magnus, Assistant Commandant of the Marine Corps, Marine Resource Oversight Council (MROC), MROCDM 04-2007: HQMC Administrative and Management Support Study, October 23, 2006.
- ³⁶ Headquarter and Service Battalion/Henderson Hall Mission Statement.
<http://www.hqmc.marines.mil/Agencies/HeadquartersandServiceBattalion.aspx>, assessed February 14, 2015.
- ³⁷ "HQMC C2 Issue," (PowerPoint presentation. Headquarters Marine Corps (ARF), Washington D.C. September 2013).
- ³⁸ Various interviews with staff section financial managers and P&R staff
- ³⁹ Capt Anne Antoine (H&S BN Supply Officer) interview by Maj Bill Cox, February 4, 2015.
- ⁴⁰ CMC Ltr Dtd 5402 ADC(R) Oct 17, 2014 to Ann-Cecile M. McDermott Subj: Administration of Funds for use by the Marine Corps
- ⁴¹ SECNAVINST 7000.27B, 4.
- ⁴² SECNAVINST 7000.27B, 4.
- ⁴³ Barry Oglseby (Director, Marine Corps Financial Evaluation and Analysis Team) interview by Maj Bill Cox, November 19, 2014.
- ⁴⁴ CMC presides over the HQMC staff under his Title 10 authority as a commander for the Marine Corps. There are three commanders that report "directly" to CMC: Marine Corps National Capital Region Command (MCNCR), Marine Corps Combat Development Command (MCCDC), and Marine Corps Recruiting Command (MCRC). In addition to these commanders, the Commander, H&S Bn/Henderson Hall has administrative control of all Marines assigned to HQMC that work in the Pentagon and provides logistical and supply support to the staff as part of their mission. CO, H&S Bn reports to CG, NCNCR administratively and to DMCS for operational tasking. MCNCR is dual hatted as Marine Corps Installations Command (MCICOM) who in turn reports to DC, Installations and Logistics (I&L) in his MCICOM role and CMC in his CG, MCNCR role. However, DMCS provides all tasking and operational direction to CO, H&S Bn; in addition, DMCS writes his fitness.
- ⁴⁵ ARF Staff (Sylvia Chapman (Director, ARF), Natasha Thompson (Budget Officer, ARF), Jonathan Newell (), Rodney Brown ()) interview by Maj William Cox, December 21, 2014.
- ⁴⁶ ARF staff interview.
- ⁴⁷ ARF staff interview and HQMC C2 Issue.
- ⁴⁸ ARF staff interview
"AR Division and H&S Bn CPI Study," PowerPoint presentation. Headquarters Marine Corps (ARF), Washington D.C. August 5, 2010.
- ⁴⁹ "FY15 Performance Metrics Indicators Report." Headquarters Marine Corps, Programs and Resources (RFA) January 1, 2015.
- ⁵⁰ "Tri-Annual Review Reporting Status," Headquarters and Marine Corps, Programs and Resources (RFA), Washington D.C. May 31, 2014.
- ⁵¹ "Deputy Commandant, Programs and Resources (DC P&R)." HQMC DC P&R (FD) FY14 Financial Inspection & Assessment Risk and Compliance Branch (RFK), Marine Corps Financial Evaluation and Analysis Team

(October 2014).

⁵² FY15 Performance Metrics Indicators Report.

⁵⁰ Jeffrey Powell, "How Financial Management is Integral to Mission Command," Army Sustainment 46 (2) (Mar/Apr 2014): 6-7.

⁵⁴ Powell, Jeffrey, 6-7.

⁵⁵ Information provided by multiple sources: C2 Staff Issues, various interviews with HQMC fund managers, and MCFEAT Audit Summaries.

⁵⁶ Commandant of the Marine Corps, *Resource Evaluation and Analysis (REA) Function*, MCO 7540.2E, 20 Oct 04 RFR-30.

⁵⁷ "Political Legitimacy," Stanford Encyclopedia of Philosophy, April 29, 2010.

<http://plato.stanford.edu/entries/legitimacy/>.

⁵⁸ Nicholas, Mtetesha. "Authority, Power, and Legitimacy," (2015)

https://www.academia.edu/3482786/Authority_Power_Legitimacy.

⁵⁹ Michael Lacewing, "Authority and Legitimacy" Routledge, Taylor, and Francis Group

<http://cw.routledge.com/textbooks/alevelphilosophy/data/AS/WhyShouldIBeGoverned/Authorityandlegitimacy.pdf>

accessed 14 Feb 2015.

⁶⁰ MROCDM 04-2007

⁶¹ ARF reports to the Director, AR Division who reports to DMCS who reports to CMC.

⁶² ARF staff interviews and HQMC C2 Issues.

⁶³ Anthony Barnes email message to Richard Pauly, January 12, 2015.

⁶⁴ Jerome Coudriet (Analysis & Review, HQMC P&R, Accounting Operations) interviewed by Maj William Cox on January 21, 2015.

⁶⁵ SECNAVISNT 7000.27B, 2.

⁶⁶ SECNAVINST 7000.27B, 2.

⁶⁷ SECNAVINST 7000.27B, 5.

⁶⁸ SECNAVINST 7000.27B, 5.

⁶⁹ *Marine Corps Manual*, C-5.

⁷⁰ Systems that facilitate the tracking of personnel include Marine On Line (MOL), which contains the morning report system and leave approval system and the Defense Travel System (DTS), which authorizes temporary additional duty (TAD) travel. Both of these systems affect pay and entitlements, another S1 responsibility. In support of travel entitlements, the S1 has responsibility for the Government Travel Charge Card (GTCC) program.

⁷¹ *Marine Corps Manual*, C-5.

⁷² Responsible officers are recommended by the staff section director and Supply Officer and appointed by the commander.

⁷³ MCO 4400.150, 1-7.

⁷⁴ There are several systems that are used in purchasing materials (e.g. PR Builder, WAWF, GCPC, GCSS-MC...) ⁷⁴ and the supply officer is the subject matter expert on the systems and the associated regulations in regards to the commodity sought. Control mechanisms are present in these systems to ensure separation of duties and appropriate authority in obligating the government.

⁷⁵ For a complete explanation on the requisition process/authorities see MCO 4400.150.

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