

12A674 111402

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of The Army

Army Guard And Reserve Pay And Personnel Systems Are Unreliable And Susceptible To Waste And Abuse

The Army Guard and Reserve pay systems do not have adequate controls to prevent erroneous payments. The report shows that Guard and Reserve members are being paid

- for drills not attended,
- twice for the same period of training, or
- by both the Active Army pay system and Reserve pay system.

Furthermore, vital personnel strength data in the personnel and pay systems is unreliable and causes erroneous payments. Also, the personnel strength data in these systems is inflated with members who should be separated.

GAO is recommending that the Army take a number of actions to correct the problems identified in this report including redesigning and centralizing the Reserve drill pay system with the Reserve active duty training pay system.



008475



FPCD-80-30
JANUARY 28, 1980



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-196857

The Honorable Clifford L. Alexander, Jr.
The Secretary of the Army

AOC 5
AOC 20
DLG 3407
AOC 811

Dear Mr. Secretary:

This report summarizes our review of the Army Guard and Reserve pay and personnel systems. The report shows that controls in these systems are not adequate to prevent erroneous payments and vital personnel strength data is unreliable and inflated. The report makes a number of recommendations to correct the problems identified.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

DLG 3726 ✓

We are sending copies of this report to the Director, Office of Management and Budget. Copies are also being sent to the Chairmen, House and Senate Committees on Appropriations and Armed Services and the Chairmen, House Committee on Government Operations and the Senate Committee on Governmental Affairs.

We wish to acknowledge the courtesy and cooperation extended to us by your staff during our review.

Sincerely yours,

H. L. Krieger

H. L. Krieger
Director

Military pay

Vital records
Fraud

Payroll systems
payroll records

Army reservists
Army personnel
Erroneous payments
Personnel records
Records management
Audits
Internal audits
mail

GENERAL ACCOUNTING OFFICE
REPORT TO THE SECRETARY
OF THE ARMY

ARMY GUARD AND RESERVE PAY
AND PERSONNEL SYSTEMS ARE
UNRELIABLE AND SUSCEPTIBLE
TO WASTE AND ABUSE

D I G E S T

The Army Guard and Reserve payroll is about \$1.3 billion. Management controls over this payroll and the related personnel systems are not adequate to prevent erroneous payments. Inaccurate drill attendance recording and reporting by Guard and Reserve units and inadequate error detection procedures at payroll processing stations are resulting in Guard and Reserve members being (1) erroneously paid for drills they did not attend, (2) paid twice for the same periods of training, or (3) paid by both the Active Army pay system and Guard and Reserve pay systems. In addition, vital personnel strength information maintained in the pay and personnel systems is frequently inconsistent, inaccurate, and can adversely impact on budget and mobilization plans.

ATTENDANCE REPORTING ABUSES

The Reserve drill pay system operates on an exception basis, i.e., Guard and Reserve personnel are automatically paid for scheduled drills unless the unit reports them absent.

The accuracy and propriety of drill payments depend on the attendance information submitted by the unit. It is at this level that pay system controls are the weakest.

Many Guard and Reserve units have abused attendance reporting by recording absent members as present at drill assemblies to show high attendance levels. The Army Audit Agency and other military review groups have frequently reported during the last several years that units are inaccurately reporting attendance and are not following required

Tear Sheet. Upon removal, the report cover date should be noted hereon.

FPCD-80-30

JUMPS-RC
USAFAC
PDR/COM

procedures. This includes counting members present for drills they did not attend, liberally granting excused absences without valid reasons, and failing to take appropriate action to remove reservists from the rolls for excessive unauthorized absences. For example, a recent Army Audit Agency report on 12 units in 1 Army Reserve Command stated that 106 reservists in 9 units were recorded present and paid \$8,700 for weekend drills they did not attend. Furthermore, records on 82 personnel in 6 units originally showing the members as absent were later changed to present without adequate supporting documentation or approval from Command Headquarters. These members were consequently paid approximately \$7,600. This audit resulted in the Federal Bureau of Investigation being asked to investigate for possible criminal fraud. (See pp. 6 to 8.)

In another report the Army Audit Agency reported excessive absences throughout the Guard and Reserve. The report identified more than 10,000 guardsmen and 5,000 reservists who missed all of their drills during the first half of fiscal year 1979, and another 24,000 guardsmen and 10,800 reservists who missed half or more of their drills during the same period. These 49,800 infrequently drilling guardsmen and reservists amount to about 10 percent of the Guard Force and 8.5 percent of the Reserve Force. (See pp. 29 and 31.)

Under the drill exception reporting system, unit commanders that allow excessive absences to occur without removing repeat offenders from the pay system in a timely fashion are increasing the likelihood of members being paid for drills they did not attend. Based on its review, GAO estimates that between 5,500 to 6,000 reservists and guardsmen who are discharged each year may be indebted as much as \$744,000 for payment for drills they did not attend. (See pp. 8 to 10.)

Besides erroneous payments made for drills not attended, reservists and guardsmen are also

being paid by both the Active Army pay system and Reserve pay system. During June 1979, about 2,800 Guard and Reserve members were on both systems. A test of 267 members on both systems showed that 29 members were paid \$16,200 by both systems, consisting mainly of overpayments by the Active Army to members who had completed basic training and returned to their units. (See pp. 10 to 11.)

To correct the problems in the drill recording and reporting system, GAO recommends a comprehensive compliance strategy be developed to strengthen the controls at all levels of the Reserve drill pay system. (See p. 16.)

RESERVE ACTIVE DUTY PAY ABUSES

Payments for Reserve active duty training up to 180 days are processed at about 150 Finance and Accounting Offices located worldwide. Controls over the Reserve active duty pay system are weak, resulting in duplicate and overlapping payments. During the last 2 years, the Army has detected over a half-million dollars in duplicate payments to 3,678 members. Duplicate payments occur when Reserve units or reservists submit more than one claim for the same period of active duty for training. Overlapping payments occur when reservists are counted present and paid for unit drill assemblies when they are away for active duty for training. (See pp. 17 to 22.)

Although aware of this problem, the Army has not developed a systematic method of determining the extent of overlapping and duplicate payments, and has been slow in acting to prevent such payments or to investigate duplicate claims and overlapping payments as potential fraudulent submissions. GAO is making a number of recommendations to tighten the controls over this pay system. (See p. 23.)

MANAGEMENT INFORMATION
SYSTEMS ARE UNRELIABLE

Vital information kept on Army reservists and guardsmen by the pay and personnel information systems is unreliable and contributes to the problems of erroneous payments. Members are often not entered or separated from both systems simultaneously, and are consequently overpaid, underpaid, or counted in strength figures long before or after they actually participate as drilling reservists. The Congress, Department of Defense, and the military components depend on information from these systems to assess strength levels, prepare budgets, develop mobilization plans, and project manpower losses and recruiting goals.

GAO examined the reliability of Guard and Reserve management information systems of the 1st Army Reserve and three State Guards (District of Columbia, Indiana, and Virginia). The analysis of the 1st Army management information system shows, among other things, that Reserve personnel strength is in error by 7 percent in accounting for increases and decreases in assigned personnel and is overstating strength by 3.6 percent or 3,550 reservists. In the Guard, about a 5-percent net variance exists between the total number of members in the National Guard Bureau personnel system and the pay system for the District of Columbia, Indiana, and Virginia. (See pp. 26 to 31.)

GAO believes that the reliability of the information in the pay and personnel systems is questionable primarily because data is not updated in a timely manner or information is lost, rejected, or erroneously changed. Therefore, GAO recommends that the Army give prompt attention to

- reconciling pay and personnel data vital to management needs;
- developing procedures to improve the timeliness, flow, and accuracy of source data; and

--developing programs to readily verify or correct information as the need arises.
(See p. 32.)

GAO discussed the results of its work with officials at the Army installations reviewed. They generally agreed with our findings and said they would study the report recommendations to determine what actions need to be taken.

Tear Sheet

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Army Guard and Reserve training operations	1
	Pay processing for monthly training drills	2
	Pay processing for active duty for training	2
	Scope of review	3
2	COMMAND EMPHASIS NEEDED TO STOP ATTENDANCE REPORTING ABUSES AND TO STRENGTHEN SYSTEM CONTROLS	4
	Inactive duty training requirements and attendance reporting	5
	Attendance accountability continues to be a problem for the Guard and Reserve	6
	Members who fail to regularly attend drills are being paid	8
	Members are being paid by both the Active Army pay system and the Reserve pay system	10
	JUMPS-RC computer program edits need to be upgraded	11
	Unit commanders and major Army commands need better management information	12
	Exception reporting: Is it practical in today's Guard and Reserve environment?	14
	Conclusions and recommendations	15
3	THE ARMY NEEDS TO STRENGTHEN CONTROLS OVER THE RESERVE ACTIVE DUTY PAY SYSTEM	17
	Duplicate payments	17
	Overlapping payments	22
	Conclusions and recommendations	23

CHAPTER		<u>Page</u>
4	RECONCILIATION OF PERSONNEL AND PAY SYSTEMS URGENTLY NEEDED	24
	Present methods of reconciling pay and personnel data are inadequate	25
	Results of 1st Army comparison	26
	Results of the Guard comparison	31
	Conclusions	32
	Recommendations	32

ABBREVIATIONS

AAA	Army Audit Agency
AUDIT	Army Uniformed Data Inquiry Techniques TD
DOD	Department of Defense
FORSCOM	U.S. Army Forces Command
GAO	General Accounting Office
JUMPS-RC	Joint Uniform Military Pay System- Reserve Components <i>TD</i>
USAFAC	U.S. Army Finance and Accounting Center

CHAPTER 1

INTRODUCTION

In January 1973 at the direction of the Department of the Army, the United States Army Finance and Accounting Center (USAFAC) began to centralize the Army Guard and Reserve drill pay systems at Fort Benjamin Harrison, Indiana. Prior to this, Army Guard and Reserve personnel were paid quarterly by finance and accounting offices throughout the continental United States.

Centralization of the Army Guard and Reserve drill pay system followed our August 1971 report 1/ recommending that significant economies and efficiencies could be achieved by providing monthly drill pay to Army reservists from a fully automated system. We also concluded that drill attendance accountability procedures needed to be strengthened to insure that reservists were paid accurately. The USAFAC study which followed agreed with our recommendations and the Joint Uniform Military Pay System-Reserve Components (JUMPS-RC) was developed. JUMPS-RC became operational in December 1975 but, due to computer limitations at USAFAC, did not encompass Reserve active duty for training pay as originally planned.

ARMY GUARD AND RESERVE TRAINING OPERATIONS

The Army currently has about 532,000 guardsmen and reservists in the Selected Reserve Force whose mission is to augment the Active Army in time of war or national emergency. These guardsmen and reservists generally serve in organized units and train about 38 days a year. As of June 1979 there were 344,455 Army guardsmen assigned to 4,265 units and 187,985 Army reservists assigned to 3,615 units.

Army Guard and Reserve members perform and are paid for four types of training: inactive duty training, annual training, and active duty and initial active duty for training. Inactive duty training is usually performed monthly during four consecutive 4-hour drills on a selected weekend at National Guard Armories and Reserve Centers for a total of 48 drills each year. Annual training is 2 weeks of active duty for training, commonly referred to as summer camp, that most guardsmen and reservists are required to attend each year. Active duty for training includes training

1/"Potential For Improvement in the Army Reserve Drill Pay System" (B-125037).

guardsmen and reservists periodically receive throughout their careers at Active Army schools or Reserve Army schools which is less than 180 days in duration. Initial active duty for training includes periods of training new enlistees receive when they enter the Army. It is made up of basic training and advanced individual training--usually less than 6 months.

Army guardsmen and reservists are paid 1 day's base pay for each 4-hour drill assembly completed. All guardsmen and reservists who attend active duty for training are paid their base pay plus subsistence, quarters allowances, and travel, if applicable. Some guardsmen and reservists are eligible for additional "special pay" for aviation duty, hazardous duty, and administrative duty pay.

For fiscal year 1979 the Congress appropriated approximately \$1.3 billion for the Army Guard and Reserve payroll. About 43 percent was spent for drill pay and 57 percent for active duty training.

PAY PROCESSING FOR MONTHLY TRAINING DRILLS

The pay process begins at the Guard and Reserve units when monthly drill attendance is taken. A DA Form 1379, Unit Record of Reserve Training, serves as the source document for reporting attendance. The Unit Record of Reserve Training is a personnel document which lists the unit members as they appear on the personnel system. Because JUMPS-RC is an exception reporting system, the units have to account only for those members who did not attend their regularly scheduled monthly drills. To do this the unit technicians prepare transaction cards for each member who was absent from drills or who performed individual training or attended another training assembly. The Unit Record of Reserve Training, transaction cards, and supporting documentation make up the units' performance package which is certified by each unit commander and mailed to the appropriate input station during the week following the scheduled training drills. The input station is responsible for performing manual and computer edits on the data and transmitting it to USAFAC which performs additional edits on the drill information, computes members' pay, and prepares the paychecks for mailing.

PAY PROCESSING FOR ACTIVE DUTY FOR TRAINING

When a member or unit from the Reserves goes on active duty for training for less than 180 days, the JUMPS-RC system is not used to process pay. These payments are processed at about 150 Finance and Accounting Offices located worldwide.

Before a Finance and Accounting Office can process an individual or unit payroll, the unit must submit the Military Pay Voucher (DA Form 2139), Army Reserve Pay Voucher Summary and Certification Sheet (DA Form 2233), reservist's signature card (DD577), and orders authorizing an individual reservist or unit to perform the active duty training.

SCOPE OF REVIEW

We made this review to determine the adequacy of the Army's management controls over its Guard and Reserve pay and related personnel systems in preventing fraud and abuse and in assessing the reliability and completeness of the information in these systems. At the facilities visited, we reviewed the procedures and practices for administering the Guard and Reserve pay and personnel systems, interviewed officials responsible for processing pay and personnel data, researched discrepancies between pay and personnel data files, compared and analyzed drill attendance data recorded on attendance records and leave earning statements, collected and analyzed data on military pay vouchers, and traced a number of transactions through the systems. We also evaluated the extent and effectiveness of internal reviews made of the pay systems and evaluated edit controls at USAFAC and other data processing input stations.

Our review was made at:

- United States Army Finance and Accounting Center,
Fort Benjamin Harrison, Indiana.
- United States Army Forces Command, Fort McPherson,
Georgia.
- Headquarters 1st United States Army, Fort Meade,
Maryland.
- National Guard Bureau, Washington, D.C.
- National Guard Units in Virginia and Indiana.
- U.S. Army Reserve Units in Virginia and Ohio.
- Army Finance and Accounting Offices at Fort Indian-
town Gap, Pennsylvania, Fort McPherson, Georgia, and
Fort Riley, Kansas.
- United States Property and Fiscal Offices in the
District of Columbia, Indiana, and Virginia.

CHAPTER 2

COMMAND EMPHASIS NEEDED TO STOP ATTENDANCE

REPORTING ABUSES AND TO STRENGTHEN SYSTEM CONTROLS

Many Guard and Reserve units are abusing the attendance reporting system by not accurately reporting the status of members at drill assemblies. During the past several years, the Army Audit Agency (AAA) and other military internal review and inspection groups have repeatedly reported to major Army commands that many reservists are being paid for drills they did not attend as well as other serious weaknesses. Command actions taken to correct these problems have not been effective.

Poor attendance accountability, which often results in members receiving pay they did not earn, not only increases Government costs but can ultimately cause morale problems for those Guard and Reserve personnel who conscientiously attend unit drills. Inaccurate attendance reporting continues to be a problem, in part, because of command emphasis being directed toward achieving high participation rates at weekend drills. In today's climate of declining recruit availability and quality, and with increasing personnel turnover rates and high absenteeism at drill assemblies, unit commanders are often placed in the awkward position of trying to record attendance accurately and maintain acceptable drill participation figures at the same time-- goals which are often at odds with each other.

To strengthen the controls over the drill pay system, the Army should, among other things

- redesign the automated pay system so that Army Reserve and Guard members who continually fail to attend training drills cannot be paid,
- identify members who are being paid incorrectly by both the Reserve pay system and the Active Army system and establish responsibilities and procedures to eliminate this condition,
- upgrade computer program edits, and
- make better use of the management information programs.

In addition, we believe the Army Guard and Reserve should go forward with their plans to test aspects of a positive reporting system. While the pay system principle of exception reporting is normally acceptable in Government if the controls are adequate, the present controls are not adequate and current conditions make the system's design objective of reducing workload difficult to attain. The high turnover rate of personnel along with poor attendance at scheduled training drills has caused the volume of transactions to be much greater than generally expected for an exception reporting system. Therefore, we believe a design change should be made for positive attendance reporting and pay processing as part of the Army's plan to fully centralize Reserve and Guard pay processing during the early 1980s.

INACTIVE DUTY TRAINING REQUIREMENTS AND ATTENDANCE REPORTING

Both the individual guardsman or reservist and his unit have specific participation requirements for inactive duty training. Guard and most Reserve members are required to attend 48 drills a year. A member, however, is allowed four unexcused absences in any one year period. He may be granted excused absences for sickness, injury, or other circumstances beyond his control. At the discretion of unit commanders, equivalent training may be scheduled to makeup excused absences. If the required number of drills are not attended, the unit commander may request a member be discharged or placed on active duty in the Army. To help attain readiness standards, Guard and Reserve units are expected to maintain assigned strength at 80 percent of authorized strength and to maintain a drill attendance average of 85 percent of assigned strength. Consequently, there is a direct relationship between unit members' participation and the units' ability to meet an 85-percent attendance standard. In addition, unit commanders are evaluated on their ability to achieve the 85-percent attendance level.

The accuracy and propriety of payments for weekend drills under JUMPS-RC depends on the attendance information submitted by the unit. It is at this level that JUMPS-RC controls are the weakest and most susceptible to fraud and abuse. The propriety of drill attendance information submitted for pay depends on the integrity of the people responsible for recording and certifying unit attendance--the unit commander and his supervisory personnel.

Although the Army has established attendance taking procedures, unit commanders actually determine how attendance is taken at training assemblies. The prescribed methods

for taking attendance include (1) conducting a rollcall at the beginning of each training assembly and at the end of each training day, (2) using unannounced rollcalls, and (3) using sign-in and sign-out rosters for members who do not train with their unit. Each unit commander is supposed to establish attendance taking procedures which insure that drill training participation is reported accurately. Since the size and type of unit may make rollcalls impractical, unit commanders have the flexibility to use other methods to take attendance. For example, a headquarters unit commander with several hundred members may think rollcalls are impractical and elect to have each section or squad leader report attendance to the unit technician. Regardless of how attendance is taken, however, unit commanders are required to certify that the attendance reports are accurate.

If changes are made to a previously reported attendance entry, the units must follow certain procedures, particularly for changes which go beyond the preceding month. For these changes, the unit commanders are required to submit a letter to the major Reserve Command Headquarters explaining the reasons for the change. After written approval is given by the major command, the units are authorized to make the change.

ATTENDANCE ACCOUNTABILITY CONTINUES TO BE A
PROBLEM FOR THE GUARD AND RESERVE

From September 1977 through June 1979 AAA has issued 10 reports to various Army Reserve Commands, State Adjutant Generals, and Continental Army Commands on deficiencies in unit attendance taking procedures at weekend drill assemblies. The reports were based on record reviews and personal observations at 230 Army Guard and Reserve units. In February 1978 AAA consolidated its findings on 5 reports from previous audits covering 65 units in 5 major Army Reserve Commands and reported to the Chief of the Army Reserve and the Commander of U.S. Army Forces Command (FORSCOM) on deficiencies in attendance taking procedures in Army Reserve units. The recurring findings throughout all of these reports is that controls over unit attendance taking procedures at weekend drills are not adequate and that units are inaccurately reporting attendance and not following required procedures. This includes counting members present for drills not attended, liberally granting excused absences without valid reasons, authorizing makeup training without proper support, and failing to take appropriate action to remove reservists from the rolls for excessive unauthorized absences. As a result of these findings, AAA recommended to the major Army Reserve Commands that they:

- establish additional attendance controls to insure that members are paid only for drills attended;
- recover improper payments to unit members who did not attend or only partially completed drill assemblies;
- reemphasize to unit commanders that excused absences can only be granted for authorized reasons and that such absences must be documented; and
- initiate actions in accordance with Army regulations to reduce in grade, place on active duty, transfer to an Army Reserve control group, or discharge each member with five or more unexcused absences.

Although commands took some actions 1/ on AAA recommendations at the units reviewed, collectively the overall problem continues to persist. Since the February 1978 consolidated report, AAA has continued to report the same deficiencies at units in major Army Reserve Commands. For example, a June 1979 AAA report on 12 units in one command revealed pay discrepancies in 9 of the units. In these 9 units, 106 reservists were recorded present for weekend drills when, in fact, they were absent. These reservists were subsequently paid \$8,700 for the drills. Furthermore, records of an additional 82 individuals in 6 units originally showed the members as absent from weekend drills but were subsequently changed to show the members present. The personnel involved were paid approximately \$7,600 without adequate supporting documentation or approval from the major command headquarters. This particular audit resulted in the Federal Bureau of Investigation being asked to investigate for possible fraud.

During our visits to Guard and Reserve units, we found similar situations. For example, at one unit a member was recorded as having unexcused absences for five consecutive drill assemblies. However, 3 months later the unit reported the individual as being present for these drills and the member was subsequently paid. The unit had no documentation to support this change nor did it have approval from the major command. The unit technician told us he made the change based on a conversation with the member's squad leader.

1/One of the most recent actions taken occurred on September 14, 1979, when the 1st U.S. Army established a policy that attendance at drill assemblies will be substantiated through the use of a sign-in and sign-out register.

Other organizations within the Army have also found controls over attendance taking procedures to be inadequate. The 1st Army, for example, compared pay rosters submitted by 1st Army Reserve units to attendance rosters prepared by evaluators from the 1st Army Office of Training and Evaluation during their review of the effectiveness of Reserve units' training programs. During a 2-month period in 1978, the evaluators visited and recorded attendance at 44 1st Army Reserve units. When their attendance records were subsequently compared to the units payroll attendance reports, they found discrepancies in 70 percent of the units. These differences involved 6 percent of the personnel assigned to the units identified as having discrepancies. When the 1st Army asked the units to justify those discrepancies, they often stated that members who were marked absent by the evaluators had actually been present and were overlooked. In only 16 percent of the cases with discrepancies did the units acknowledge that they had made an error in recording the attendance on the payroll roster.

We also examined a random sample of 1st Army Inspector General reports of 1st Army Reserve units for the period October 1, 1977, through March 31, 1979. In approximately 35 percent of the units inspected, the Inspector General had noted deficiencies in the units preparation of attendance records. The deficiencies included, among other things, improper recording of drill attendance.

MEMBERS WHO FAIL TO REGULARLY ATTEND DRILLS ARE BEING PAID

High absenteeism from scheduled training drills coupled with the exception reporting system increases the likelihood of a member being paid for drills he did not attend. In addition, the Army's success at collecting overpayments from members who continually fail to attend drills has been poor.

As previously explained, each time a member is absent, a unit technician must submit a transaction card to prevent payment under the exception reporting system. Because absenteeism from Guard and Reserve unit training assemblies is high (see ch. 4, p. 24), the probability of an overpayment occurring is increased. During the 12-month period ending March 31, 1979, over 9,000 members who were discharged from the Army Guard and Reserve were in debt to the Army for about \$1.2 million. Since officials at USAFAC could not tell us what proportion of the \$1.2 million debt was due to overpayments for drill pay, we sampled the pay accounts of indebted Guard and Reserve members to determine the type of debt. Using a typical month for our analysis,

we statistically sampled the pay records of 107 of the 1,071 indebted members who were discharged and identified as being in debt during April 1979. The ranks and drill attendance patterns of the 107 members are shown in the following table.

	<u>Number of members</u>	<u>Average consecutive months absent before separation</u>
Officers	12	4.6
Warrant officers	1	5.0
Enlisted members	94	7.8

We determined that about 54 percent of the 107 were indebted because they received drill pay totaling \$6,200 for drills they did not attend, about \$2,400 of which occurred after members had been reported absent for 3 months or longer.

The total debt in our sample was \$16,585 and was comprised of the following:

<u>Type of debt</u>	<u>Number of members (note a)</u>	<u>Amount</u>
Government property lost or destroyed	42	\$ 7,678
Drill pay	58	6,197
Servicemen's Group Life Insurance	63	1,466
Other	-	1,244

a/Total adds to more than 107 because some members had more than one type of debt.

Based on our sample results we estimate that between 485 to 677 of the 1,071 members who were indebted when they were discharged owed the Army between \$44,800 and \$79,235 because they were paid for drills they did not attend. An additional \$10,300 to \$19,000 was owed to the Army for unpaid insurance premiums. Although not statistically valid for projection to the total number separated, our sample did represent a typical month, and we believe 5,500 to 8,000 Army Guard and Reserve members who are discharged each year may be overpaid as much as \$744,000 for drills they do not attend.

USAFAC efforts to collect overpayments from Guard and Reserve members has not been very successful. During the 6 months ending June 30, 1979, over \$909,000 in debts were referred to USAFAC for collection action. Respective collections by USAFAC during the same period amounted to less

than 9 cents on the dollar. Officials in the Collection Division at USAFAC told us collection action is not started until a member is separated and that the collection rate would improve if collection efforts were started earlier rather than many months after a member quits attending training drills.

In our opinion, many overpayments could be prevented by programing the Army Finance Center's computer to automatically assign members to a nonpay status after they have been absent for 3 consecutive months. Such members would be paid only if their respective unit commanders submitted documents to USAFAC stating they should be paid and removed from the nonpay status. Not only would this reduce overpayments but it could readily identify members who, if unexcused, should be ordered to active duty, discharged from the service, or transferred to a control group by State Adjutant Generals and Continental U.S. Army commanders.

MEMBERS ARE BEING PAID BY BOTH THE ACTIVE
ARMY PAY SYSTEM AND THE RESERVE PAY SYSTEM

As of June 30, 1979, about 2,800 Guard and Reserve members were in a pay status on both the Active Army and Reserve pay systems. Although the Reserve pay system provides for members to be entered on both systems while they attend basic training, they should not be in a pay status on both systems. However, using a small sample we found that many members were overpaid because both systems were paying them. In addition, those members who were not receiving a paycheck from both systems were being incorrectly charged for the monthly Servicemens Group Life Insurance premiums by both systems. The following table shows the results of our sample.

<u>Organization</u>	<u>Members sampled</u>	<u>Members paid by both systems</u>	<u>Percent of sample paid twice</u>	<u>Members charged twice for insurance</u>
D.C. Guard	34	4	12	29
Indiana Guard	47	6	13	31
Virginia Guard	24	5	21	5
1st Army Reserve	<u>162</u>	<u>14</u>	<u>9</u>	<u>142</u>
Total	<u>267</u>	<u>29</u>	<u>12</u>	<u>207</u>

Although we sampled only about 10 percent of the members on both systems during the month of June, payment by these systems to 29 members involved about \$16,200 consisting mainly of overpayments made by the Active Army pay system. This condition appears to exist because members are not separated in a timely manner from the Active Army pay system after they complete basic training. Consequently, the Active Army system, which is also an exception reporting system, continues to pay the members.

JUMPS-RC COMPUTER PROGRAM
EDITS NEED TO BE UPGRADED

To insure that data entering the JUMPS-RC system is accurate, complete, and reliable, computer programs contain edit checks which detect missing or invalid data. Invalid and incomplete information is getting into the JUMPS-RC system because

- additional edits need to be incorporated into JUMPS-RC computer programs to catch errors and
- unit and input station technicians process transactions which bypass the JUMPS-RC computer program edits.

To test the adequacy of JUMPS-RC computer program edits, we processed over 120 simulated payroll transactions which contained deliberate errors. Our test showed that, for the majority of our transactions, the JUMPS-RC system edits rejected the incorrect entries. However, the system did accept several transactions which we believe should have been rejected. These included

- accepting social security account numbers which were not valid because they were outside the range of numbers which are issued by the Social Security Administration,
- accepting and issuing checks for transaction cards with invalid tax codes while rejecting those with valid tax codes,
- accepting transactions which incorrectly assigned a reservist from a 24 drills a year unit to a 48 drills a year unit, and
- accepting transaction cards for individuals which showed incorrect dates for scheduled unit training assemblies. Since the transaction cards were not

rejected by matching them with the units' scheduled drill dates, members can be paid for drills they did not attend.

During our review we found instances where some of these transactions have occurred. For example, after determining that program edit routines do not check for valid social security account numbers, we found two 1st Army reservists and seven Indiana guardsmen who were being paid under invalid social security numbers. Virginia guardsmen were also paid for drills they did not attend because the computer did not match the exception card dates with the dates the drills were performed.

Besides strengthening USAFAC's computer edits, Army Guard and Reserve officials need to insure that unit and input station level technicians do not process transactions which unnecessarily bypass computer edits. Presently, the JUMPS-RC system files contain a 6-month history of pay transactions which have been posted to a member's account. Besides providing a computerized file on each member, the 6-month record span provides ready information to edit against when payments or pay adjustments are made to a member's account. Some adjustments go beyond the 6-month record span, however, and consequently are not subject to the JUMPS-RC edits.

We found, however, that technicians sometimes process transactions that are within the 6-month record span but bypass the systems edits by treating the transactions as being outside the record span. For example, we found a Reserve member who was paid for four drills for 1 day. (Two drills a day is the maximum number possible.) This occurred because the unit technician bypassed the computer edits which would have rejected the transactions creating the overpayment. According to USAFAC officials, technicians often process transactions which unnecessarily bypass system edits. Transactions of this type need to be detected, discouraged, and prevented at the input station level.

UNIT COMMANDERS AND MAJOR ARMY COMMANDS
NEED BETTER MANAGEMENT INFORMATION

From a management standpoint, day-to-day supervision of employees as well as the concept of "separation of duties" are basic principles of internal control. Errors are more likely to be detected when duties are separated, and fraud is less likely to occur when it depends on collusion. These principles are difficult to apply at the Guard and Reserve

unit level, and the unit commanders must rely on management reports to oversee the day-to-day administrative functions of the units.

Unit technicians are responsible to their unit commanders, whom they usually see only on drill days or about 1 weekend a month. During the rest of the month the technicians work unsupervised while they carry out the administrative functions of the unit. This includes having full responsibility for preparing the units performance package and for making permanent changes to the pay and personnel systems and to members' official records which are maintained at the unit level. In the Guard, unit technicians are also involved in processing the substantiating documentation for new enlistees and members who transfer into the unit from another Guard or Reserve unit.

To monitor the work of the technicians the unit commanders need timely and useful reports from the system. However, the JUMPS-RC system does not routinely provide unit commanders with any summary information identifying members who were paid for drills, given an excused absence, or marked absent without leave. As a result, unit commanders, particularly those in large units, are not aware of who has been paid for drills and the types of changes that have been made to members' pay accounts.

A potential for errors and unauthorized payments exists because of the inherent weaknesses in the system controls at the unit level. For example, a unit technician could establish a pay record for a fictitious member, and because the technician has control over all processing functions, and no feedback to the unit commander on permanent changes is recorded, this member could receive a paycheck. Notwithstanding these weaknesses, the vulnerability of the system to this type of situation is increased because Army policy allows a member's paycheck as well as his Leave and Earnings Statements to be sent directly to his unit. Thus a technician is in a position to control not only all processing functions but can also have the checks sent to the unit.

Besides these weaknesses in controls, unit technicians do not always follow prescribed procedures to identify members who were incorrectly paid for drills. Procedures call for the unit technician to compare the unit's pay package with the member's monthly Leave and Earnings Statement. This is not always being done, however. During fiscal years 1977 and 1978 a 5th Army Quality Assurance team visited units

throughout the 5th Army and compared the earnings statements with the units' pay packages. The following chart summarizes the team's work:

<u>Fiscal year</u>	<u>Number of units reviewed</u>	<u>Total accounts reviewed</u>	<u>Total improper payments</u>	<u>Average account error</u>
1977	42	3,834	\$77,951	\$20
1978	46	4,040	43,594	11

Based on their work, the team projected a total of \$1.6 million in improper payments made to reservists in the 5th Army during fiscal years 1977 and 1978. These incorrect payments could have been identified by unit technicians if prescribed procedures had been followed.

We believe the JUMPS-RC system could produce a unit roster showing all JUMPS-RC pay accounts assigned to the unit and a 6-month pay history for each account. Unit commanders believe this kind of information would help them monitor drill attendance to insure that members were being paid correctly, and would help keep them informed of changes made to members' pay accounts. We also believe this kind of information could be routinely summarized at higher levels, such as State levels and Army Reserve command levels, to determine accurate drill attendance participation. Such a report could also show the number of members who have not drilled in 3, 6, and 12 months but are still in a drill pay status indicating a need for management's attention.

EXCEPTION REPORTING: IS IT PRACTICAL IN TODAY'S GUARD AND RESERVE ENVIRONMENT?

Typically, the objective of an exception reporting system is to reduce the pay processing workload by reducing the volume of transactions inputted to the system. Exception reporting systems usually work well when

- the personnel turnover is low;
- few administrative changes to pay accounts occur;
- attendance is good; and
- personnel who process the payroll are well supervised, trained, and stable.

Presently, none of these conditions exist in the Army Guard and Reserve. During the last few years the personnel turnover rate has averaged between 25 and 35 percent a year. The volume of transactions has been large, averaging almost one transaction a person a month because of the poor attendance at scheduled training drills and the large number of administrative changes. Further, the technician turnover rate during the last 2 years averaged 18 percent for the Guard and 25 percent for the Reserve.

Although the pay system principle of exception reporting is normally acceptable in Government if controls are adequate, the present controls are not adequate and the system has not been able to attain its goal of reducing the pay processing workload. We believe this objective will continue to be difficult to achieve unless the environment in the Guard and Reserve changes.

Army officials have recognized exception reporting as a problem and plan to test a positive reporting system in the Guard and Reserve in the near future. With positive reporting, the unit accounts for each member who is present at each drill rather than for members who are absent. During the test, units in selected States are to convert to a positive reporting system to process JUMPS-RC pay data through the input stations to USAFAC. Computer programs at USAFAC will be modified to accept positive input of drill attendance from the test States.

We believe a positive reporting system should eliminate some of the problems discussed in this chapter such as members being paid for drills they did not attend because transaction cards were not processed.

CONCLUSIONS AND RECOMMENDATIONS

The Army's Reserve drill pay system lacks adequate controls to prevent erroneous payments. Over the past several years, AAA and other internal review groups have reported on numerous occasions to various Army commands that controls over attendance recording and reporting are inadequate. Yet, the Army commands have not acted effectively to deal with the problems. We believe the Army needs to take comprehensive measures to insure compliance with policies and to maintain the integrity of the pay system. We also believe the Army should redesign the system to require positive reporting and processing.

Accordingly, we recommend that the Secretary of the Army develop a comprehensive compliance strategy to correct the pay abuses identified in this report. The strategy should

- direct USAFAC to automatically assign members to a nonpay status after they have been absent from drills for 3 consecutive months,
- require USAFAC to establish responsibility and procedures for eliminating conditions which allow Reserve and Guard members to be paid by both the JUMPS-RC system and the Active Army pay system,
- direct USAFAC to upgrade its computer program edits to detect errors identified in this report and develop methods to prevent pay transactions from by-passing program edits except in unusual circumstances and with high level approval,
- insure that Army Guard unit technicians do not have control over all processing functions with no feedback to unit commanders on changes made in the pay records,
- direct USAFAC to develop management reports for unit commanders and major Army commands that will provide timely and useful feedback on drill participation and pay transactions processed for unit members,
- develop an educational program for unit personnel on the importance of accurate attendance reporting and the consequences to expect for submitting erroneous reports, and
- require the pay system to be redesigned to provide for positive reporting and processing.

Army officials at the installations reviewed generally concurred with our findings and said they would study the recommendations to determine what actions need to be taken.

CHAPTER 3

THE ARMY NEEDS TO STRENGTHEN CONTROLS OVER THE RESERVE ACTIVE DUTY PAY SYSTEM

Unlike the JUMPS-RC drill pay system, the Guard and Reserve active duty for training pay system is not a centralized, automated exception reporting system. Guard and Reserve members on active duty for training are paid by Army Finance and Accounting offices located worldwide. Controls at these offices (hereinafter referred to as disbursing offices) are not adequate to systematically prevent or detect overpayments to Reserve and Guard members. Consequently, the disbursing offices are making duplicate payments (over a half-million dollars detected during the last 2 years) as well as overlapping payments. Duplicate payments occur when Reserve units or reservists submit more than one claim to one or more disbursing offices for the same period of active duty for training. Overlapping or dual payments occur when reservists are paid for drill assemblies while they are on active duty for training.

Presently, the Army has a manual and cumbersome method of detecting duplicate and overlapping payments. We believe such payments will continue until the Army takes the necessary steps to

- specify which disbursing office will process active duty training pay for particular units,
- insure that controls within disbursing offices are established and followed when processing Guard and Reserve pay, and
- use USAFAC's computer capability to systematically detect duplicate and overlapping payments.

In addition, we believe the most effective solution to the problem is to ultimately centralize and integrate the Guard and Reserve JUMPS-RC and active duty for training pay systems. This step will allow the Army to prevent rather than only detect these payments.

DUPLICATE PAYMENTS

Fort Indiantown Gap, Fort McCoy, and Presidio of San Francisco maintain the accounting records on the Reserve personnel appropriation for active duty for training for the 1st Army, 5th Army, and 6th Army, respectively. Our

visit to Fort Indiantown Gap and information supplied by Fort McCoy and Presidio of San Francisco showed the following numbers and amounts of duplicate and overpayments detected by these installations in 1977 and 1978.

Duplicate and Overpayments Detected (note a)

<u>Accounting stations</u>	<u>1977</u>		<u>1978</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
Fort Indiantown Gap (1st Army)	811	\$108,208	1,197	\$204,459
Fort McCoy (5th Army)	396	48,093	496	77,621
Presidio (6th Army)	146	26,709	386	75,960
Total	<u>1,353</u>	<u>\$183,010</u>	<u>2,079</u>	<u>\$358,040</u>

a/Fort Indiantown Gap and Fort McCoy data is on a calendar year basis and Presidio is on a fiscal year basis.

The number and amounts of duplicate payments recouped as of May 1979 were reported as follows:

- Fort Indiantown Gap collected \$126,978 from 659 of the 1,179 duplicate claims paid in 1978. Collection data was not available for 1977.
- Fort McCoy collected \$32,754 from 252 of the 396 duplicate claims paid in 1977 and \$14,915 from 52 of the 496 duplicate claims paid in 1978.
- Presidio of San Francisco could not provide us information on the number and amounts collected.

As of July 1979 Fort McCoy has not written off, transferred to USAFAC for collection, or turned over to investigative authorities any duplicate payments detected. Fort Indiantown Gap also has not turned over any duplicate payments to investigative authorities. Since 1978 it has turned over to USAFAC 64 cases of duplicate payments totaling about \$8,719 for collection action. Presidio of San Francisco reports that four duplicate payments totaling \$3,226 were found to be fraudulent submissions.

Based on a further analysis of duplicate payments detected by Fort Indiantown Gap, we found among other things that 101 reservists received duplicate payments more than once--one as many as five times. Furthermore, 277 of the 560 uncollected accounts have been outstanding more than 120 days, and of these accounts, more than one-fourth will

be difficult to collect since the reservists are no longer in the service. In addition, we reviewed a number of duplicate payments by obtaining copies of the military pay vouchers and the supporting documentation filed by the reservists. The following are two examples of the types of duplicate payments detected:

Case 1--Duplicate Claims for Annual Training

A reservist was ordered to annual training for 13 days to attend a U.S. Army Reserve school beginning August 6, 1978. The unit or reservist submitted two pay vouchers to the same disbursing office for base pay, allowances, and travel. One claim was paid August 18, 1978 (\$811.86); the other on August 24, 1978 (\$814.66). The accompanying Certification Sheets (DD Form - 2233) were certified by two different officials. On October 5, 1978, the reservist filed a travel voucher to the same pay station claiming \$541.50 for mileage and per diem for the same period of training. The travel voucher was paid on November 21, 1978.

On March 15, 1979, Fort Indiantown Gap detected the duplicate payments and initiated two collection actions to recover \$811.86 paid August 18, 1978, and \$149 paid for mileage as part of the August 24, 1978, payment. On September 16, 1979, the reservist returned the uncashed August 18, 1978, check.

Case 2--Duplicate Claims for Active Duty for Training

Since October 1977 a reservist received duplicate payments totaling \$1,068 from the same disbursing office (Ft. Meade) on five different occasions as follows:

<u>Period of training</u>	<u>Date of voucher payment</u>	<u>Amount</u>	<u>Type of payment</u>
9-12 to 16-77	10- 4-77	\$ 181.21	Base pay and allowances
	11- 2-77	181.21	Do.
10-24 to 28-77	11- 4-77	191.97	Do.
	11-22-77	191.97	Do.
8- 7 to 18-78	9- 1-78	202.62	Travel
	3- 1-79	201.08	Do.
10- 9 to 13-78	2- 5-79	201.74	Base pay and allowances
	2-15-79	201.74	Do.
11- 5 to 9-78	1- 2-79	201.94	Do.
	2-16-79	290.66	Do.

None of the military pay vouchers submitted for base pay and allowances were certified by the reservist's unit personnel officer. On May 22, 1978, the reservist repaid the duplicate payment of November 22, 1977, and on November 8, 1979, signed a notice of indebtedness for the other four duplicate payments.

Methods used to detect duplicate payments

The three accounting stations operate under the Army's Standard Finance System which generates a voluminous exception report on discrepancies between obligations and disbursements after each active duty for training payment processing cycle. Station personnel manually review the reports in an effort to detect overpayments. We did not assess the effectiveness of the reviews; however, we noted that these installations were not following procedures recommended by AAA for detecting duplicate payments. In its October 1975 report entitled "Controls Over Pay of Reservists," AAA recommended use of a computer retrieval program called the "Army Uniformed Data Inquiry Techniques" (AUDIT) at least quarterly to evaluate the effectiveness of the periodic exception report reviews. AUDIT produces a list identifying instances where more than one payment voucher was processed against the same order. By using AUDIT with the exception report reviews, AAA believed there would be a higher degree of assurance that most duplicate payments were detected. Fort Indiantown Gap officials were confident that their reviews were detecting most of the duplicate payments, and thus believed there was no need to use AUDIT. However, several officials at this installation told us that detecting duplicate payments was a low priority item.

Reasons for duplicate payments and actions needed to prevent them

As previously noted, duplicate payments occur when either two different disbursing offices pay for the same active duty for training or one disbursing office pays twice for the same training. We did not determine if unit personnel are deliberately submitting duplicate claims with the intent to defraud the Government. However, given the lack of controls at the unit and disbursing office level, the potential for defrauding the Government is great.

Some of the most frequently stated reasons for duplicate payments are

- the unit is confused by Army regulations as to which disbursing office is responsible for handling its

payroll, therefore it sends pay and travel vouchers to more than one office;

--the unit payroll clerk does not file a copy of a submitted payroll or travel voucher, therefore a second is unknowingly submitted either to the same or a different disbursing office; and

--a disbursing office is slow in processing a pay or travel voucher, therefore the unit or member resubmits another thinking the first was lost.

We believe that the three accounting stations should refer any suspect payments to the Army's Criminal Investigation Division for investigation as possible fraudulent submissions. Furthermore, these stations should use AUDIT on a quarterly basis to test the reliability of their detection methods.

We also believe that USAFAC's centralized tax reporting system could provide a means for detecting duplicate payments. If Army disbursing offices submit complete tax withholding information along with supporting information for active duty for training pay, then USAFAC officials can use the information to analyze pay transactions for duplicate payments. Presently, the tax reporting system centralizes all information necessary to detect duplicate payments except for (1) the period of active duty for training and (2) the order number authorizing the training. The tax reporting system can be modified, however, to provide this information. USAFAC's computer then can be programed to check each disbursement against disbursements made during the past 2 years to identify payments made for the same period of training.

In addition, we believe that the disbursing offices need to develop a more viable program to identify and prevent duplicate payments. Each disbursing office should establish a card system for each reservist paid from their installation listing the order number, date, and amount of payment. Any future submissions on the same order can be checked against the card to prevent duplicate payments. A similar card system is used by the Pennsylvania Guard with considerable success.

If active duty for training pay is eventually disbursed by the JUMPS-RC system at USAFAC rather than by field disbursing offices, then the JUMPS-RC computer program edits can be used to prevent rather than detect duplicate payments.

OVERLAPPING PAYMENTS

According to Presidio of San Francisco, one of the most frequent types of overpayments detected is payment for active duty for training and drill assemblies for the same day. However, Army officials could not provide us any statistics on the number and dollar amounts of these overlapping or dual payments detected during the last several years. The reason for this is that the JUMPS-RC system and active duty for training pay systems do not interface, and thus the Army does not have a systematic method to detect them. To detect dual payments, the Army relies on periodic audits made by AAA and internal review groups at major command levels.

In its October 1975 report on controls over reserve pay, AAA provided comprehensive data on the extent of dual payments. AAA reviewed 41 U.S. Army Reserve units having an assigned strength of 7,890 reservists as of February 1975. During the 8-month period covered by their review (July 1, 1974, to February 28, 1975), AAA found that 649 reservists performed active duty for training on the same days that their respective units performed drill assemblies. Of these 649 cases, AAA found that 130 reservists or 20 percent were erroneously paid drill pay for a total of \$10,911. AAA stated that 75 percent of these overpayments were made because unit attendance records were not accurate, and it projected that about 20 percent of all reservists whose active duty for training duties overlap with scheduled unit drill assemblies will be overpaid.

Based on our review of later audit reports issued by AAA and other internal review groups, we believe the Army has not taken sufficient actions to eliminate the problem of dual payments. The 6th Army stated in its June 20, 1979, letter to us that past efforts to strengthen administrative controls have not been effective. However, 6th Army officials believe that a proposed new automated processing system called Reserve pay processing system will give them the capability to prevent dual payments. The economic analysis supporting the new pay system estimates that duplicate and fraudulent payments can be reduced in the 6th Army area by an estimated \$400,000 annually, if implemented. Although we did not evaluate the merits of the new system, the same capability for detecting overlapping payments as well as duplicate payments can be achieved by adding dates of active duty performance and order numbers authorizing the training to USAFAC's tax data.

CONCLUSIONS AND RECOMMENDATIONS

Under the Reserve active duty pay system, reservists are receiving duplicate and possible fraudulent payments without a systematic method to prevent or detect them. We believe that the Army needs to take positive actions on the proposed solutions already suggested and also make more sweeping changes to the pay systems by centralizing and integrating them.

As interim measures, we recommend that the Secretary of the Army

- clarify regulations specifying the disbursing station for each unit,
- direct USAFAC to study the possibility of incorporating additional information in its tax data file from the disbursing offices to detect duplicate and overlapping payments for active duty for training and drill assemblies,
- direct FORSCOM to instruct all disbursing stations to institute a card system to prevent duplicate payments, and
- direct the three accounting stations to refer any suspect duplicate payments to the Army's Criminal Investigation Division for possible fraudulent submissions.

For the most effective and long-term solution, we recommend that the Secretary of the Army design a centralized, integrated JUMPS-RC drill and active duty for training pay system to prevent duplicate and overlapping payments.

Army officials at the installations reviewed generally agreed with our findings and said they would study the recommendations to determine what actions need to be taken.

CHAPTER 4

RECONCILIATION OF PERSONNEL AND

PAY SYSTEMS URGENTLY NEEDED

Vital information maintained in the Army Guard and Reserve personnel and pay systems is unreliable. Both the personnel and pay systems of the 1st Army Reserves and the three State Guards reviewed contain incorrect data. For example, we found that 1st Army personnel data was in error in January 1979 by a total of 7 percent in accounting for increases and decreases of assigned personnel and was overstating strength by 3.6 percent or 3,550 reservists. In the Guard, about a 5-percent net variance existed in June 1979 between the total number of members in the National Guard Bureau personnel system and the JUMPS-RC pay system for the District of Columbia, Indiana, and Virginia. Strength reports are overstated because the pay and personnel systems also include members who fail to meet unit training requirements, and should be separated from the Selected Reserve (placed on active duty, transferred to Individual Ready Reserve, or discharged). An AAA report issued in October 1979 identified more than 34,000 guardsmen and 15,800 reservists who missed half or more of their drills during the first half of fiscal year 1979. These unsatisfactory performers amounted to about 10 percent of the Guard Force and 8.5 percent of the Reserve Force during this period.

The Congress, DOD, and the military components depend on information from the pay and personnel systems to assess strength levels, prepare budgets, develop mobilization plans, and project manpower losses and recruiting goals. Guard and Reserve personnel also rely on the accuracy of these systems for their pay.

Information in the pay and personnel systems is unreliable primarily because data is not updated in a timely manner or information is lost, rejected, or erroneously changed. Furthermore, State Guard and Army Reserve commands are not acting to remove members from the Selected Reserve who do not meet training participation requirements. Prompt attention should be given to removing unsatisfactory drill participants, reconciling pay and personnel data, and developing programs to readily verify or correct information as the need arises.

PRESENT METHODS OF RECONCILING PAY
AND PERSONNEL DATA ARE INADEQUATE

During 1978 the Army conducted a mobilization exercise called "Nifty Nugget" in which it made a comparison between the pay and personnel systems for 15 units (10 Reserve and 5 Guard units). The test showed that a significant disparity existed in total strength between the two systems and in the identity of members assigned to the units. For the 15 units, the pay system listed 1,137 members and the personnel system reported 1,208 members. Furthermore, there were 114 members on the pay file but not the personnel file and 167 members on the personnel file but not the pay file. The Comptroller of the Army concluded from this test that "lack of compatibility between the two systems indicates inaccuracies in the critical area of strength accountability." In November 1978 the Comptroller recommended implementing a semiannual comparison of data elements on the pay and personnel files and reconciling the differences.

As of October 1979 the Army was not reconciling pay and personnel data for the Guard or for the 5th and 6th Army Reserves. ^{1/} The 1st Army Reserve does, however, match personnel information with USAFAC's pay file on a quarterly basis to detect discrepancies. The 1st Army began making this reconciliation in November 1977 to detect mismatched end of service dates. This was later expanded to include personnel and other data element mismatches. First Army officials said that due to limited resources, however, only major discrepancies are researched and resolved.

As part of our review, and to evaluate the causes of the numerous discrepancies in pay and personnel data, we examined the January 1979 USAFAC comparison of 1st Army pay and personnel master files. We also requested that USAFAC, for the first time, compare National Guard Bureau personnel information for the District of Columbia, Indiana, and Virginia Guards with JUMPS-RC pay data. Although USAFAC made the comparison for us, the results were inconclusive because the National Guard Bureau failed to provide current and complete data for a proper match. We therefore could not determine the extent of disparities between the two files.

^{1/}On October 3, 1979, the Commander of USAFAC recommended to FORSCOM and the National Guard Bureau that the 5th and 6th Armies and the States participate in the pay/personnel match.

RESULTS OF 1ST ARMY COMPARISON

The 1st Army personnel and pay comparisons showed the following:

- total reservists on personnel file was 97,533 versus 95,160 on pay file;
- 7,132 persons appeared on the personnel system but were not on the pay system, and 3,771 persons appeared on the pay system but were not on the personnel system; and
- 39,306 reservists (about 40 percent) had discrepancies in data elements used for computing pay and strength figures.

First Army Reserve officials stated that differences in the information contained in the JUMPS-RC and personnel system are often attributable to the varying processing times taken to enter and remove data from each system when a change is required. For example, when a member is transferred or separated from the Reserves for nonperformance of drills, his orders are often both prepared and entered onto the personnel system at one of the Continental U.S. Army Headquarters. Those orders are then sent to the unit, which in turn must forward a copy to the JUMPS-RC input station to remove the reservist from the payroll system. Delays in this total process sometimes result in reservists remaining on the JUMPS-RC system and receiving pay for several months after they are removed from the personnel system.

To determine the extent and effect of personnel and payroll mismatch data in the 1st Army, we randomly selected and examined cases where members were listed on the personnel file but not on the pay file and vice versa, and projected the results to the total file sampled. Also, we randomly selected and reviewed cases in the 1st Army where vital information such as rank, unit identification codes, etc., was recorded differently by the two systems. The results of our analysis follow.

Members on JUMPS-RC file but not on the personnel system

From the January 1979 USAFAC listing of 3,771 persons on the pay file, we examined a random sample of 114 cases. Our review indicated that of the 3,771 reservists

- 42 percent (1,584) were recent enlistees who should have been on the personnel system in January but were late in being added to the system by up to 4 months after the comparison;
- 6 percent (226) were recent enlistees at the time of the January match but still had not been added to the personnel system 4 months after the match;
- 6 percent (226) were actually on the personnel system but were listed under a different social security number;
- 41 percent (1,546) had separated and should not have been on the pay system in January, but were not removed for up to 3 months after the comparison; and
- 5 percent (189) had separated before the January match was made but were still on the pay system 3 months after the comparison was made.

Delays in removing separated personnel from the pay system result in overpayments. Based on our sample results, we estimate that approximately 189 (5 percent) of the 3,771 reservists identified by USAFAC were overpaid an aggregate \$20,700 because they were not removed from the JUMPS-RC system for an average of 7 months after the effective date of their separations. Our study showed that when reservists are taken off the personnel file, units often assume they are also off the payroll file since they no longer appear on the units' personnel roster. Since JUMPS-RC pays all reservists on its file unless otherwise instructed, and since the members in our sample were no longer listed on the personnel roster and therefore were not marked absent, they were overpaid an average of four drills, or approximately \$104 each.

The reservists who were not removed promptly would have been overpaid even more, but JUMPS-RC input station clerks, realizing the reservists were still on JUMPS-RC but not on the personnel system, in most cases placed an exception in the system for them each month that they remained on JUMPS-RC. Unit technicians should have been aware that these reservists were still on JUMPS-RC if they had checked their monthly leave and earnings statements against the personnel rosters they submitted. By making this comparison, they would have detected those members being paid who were no longer drilling and could have taken actions to remove them from JUMPS-RC.

A 1st Army Quality Assurance review of 11 1st Army units performed between December 1978 and April 1979 found that some 13 members in 6 units received payments for drills that occurred after the effective date of their separations from the Reserve. The average overpayment was \$148 for six drills.

Members on the personnel system but not on JUMPS-RC files

As noted earlier, the USAFAC comparison of the January 1979 pay and personnel systems revealed that there were 7,132 reservists appearing on the personnel system who were not on the pay system. We examined a random sample of 115 cases. Our study indicated that of the 7,132 reservists

--38 percent (2,710 reservists) had separated and should have been off the personnel file in January but were not removed for up to 4 months after the comparison,

--28 percent (1,997 reservists) were either recent enlistees who should have been on the pay system in January but were late being added to the system by up to 3 months after the comparison or were actually on the pay file under a different social security number,

--7 percent (499 reservists) had been dropped from JUMPS-RC sometime during the 9 months preceding the comparison but still had not been removed from the personnel file 4 months after the comparison, and

--27 percent (1,926 reservists) had not been on the JUMPS-RC file for over 9 months before the match but still had not been removed from the personnel file 4 months after the comparison--indicating delays of over 1 year in removing separated members from the personnel system.

On the basis of our analysis of members on the pay system but not the personnel system and vice versa, we estimate that 1st Army personnel system data is in error by a total of 7 percent in accounting for increases and decreases in assigned personnel. The net effect is an overstatement of strength by 3.6 percent or 3,550 reservists. This disparity represents the equivalent of about 4 Army battalions.

An example of a member being carried on the personnel system who should have been dropped was a reservist assigned to a unit in June 1978 from the U.S. Army Reserve Control Group. This reservist never reported for drills with his newly assigned unit and was therefore never entered on JUMPS-RC. In August 1978 the unit requested that the 1st Army separate the member for non-performance. However, as of July 1979, discharge orders had still not been prepared and the member continued to be printed on the unit's personnel roster and was counted as part of the unit's strength.

Another reservist died before attending his first unit drill. He had already been entered on the personnel system but not on JUMPS-RC. The Army Reserve Personnel Center revoked the deceased reservist's assignment orders in January 1979, and unit officials stated that a copy of the order was promptly forwarded to 1st Army Headquarters. Yet as of July 1979 the deceased member was still listed on the personnel file and was being counted as part of 1st Army's Reserve strength.

Not included in our above analysis is the serious attendance problems reported by AAA. It reported in October 1979 that about 8.5 percent of the Reserve Force missed half or more drills during a 6-month period. Delays in removing members from the personnel file who do not drill result in erroneous strength reports and can have a serious impact on assessing the readiness status of the Army Reserve. (See ch. 2, p. 5 for Army requirements concerning unsatisfactory drill participation.)

Data element mismatches

Data elements on the JUMPS-RC and personnel system are critically important because erroneous data can result in underpayments and overpayments to Army reservists. Data elements such as grade and service entry dates directly affect reservists' pay. If a member's service entry date credits him with more service than he has earned, then his pay, which is affected by longevity, will be calculated erroneously at a higher rate. The opposite is also true. End of service dates that are inaccurately recorded on the JUMPS-RC can result in payments being made to members who have already separated from the Reserve. Incorrect unit identification codes mean basically one thing--the Army Reserve is counting on a reservist being somewhere he is not. The implications in the event of mobilization are obvious.

To evaluate the accuracy of data elements in the pay and personnel systems, we drew a random sample of 118 cases from approximately 39,000 cases identified by the January 1979 comparison as having at least one data element mismatch. Our sample contained a total of 141 data element mismatches. We did not examine 31 of the service entry date mismatches and 10 of the end of service date mismatches because the discrepancies were insignificant. In examining the other 100 instances we found:

- End of service dates contained in the JUMPS-RC file were accurate in about 64 percent of the instances; dates contained in the personnel file were correct in approximately 20 percent of the instances; and neither file was correct in 16 percent of the instances. We therefore estimate that of the 10,451 mismatched end of service dates found by USAFAC, 6,689 were listed correctly on JUMPS-RC; 2,090 were correct on the personnel file; and 1,672 were incorrect on both files.
- Service entry dates contained in the personnel file were accurate in about 35 percent of the instances; JUMPS-RC was correct in about 22 percent of the instances; neither file was correct in about 35 percent of the instances; and the unit technicians were unable to determine which file was correct in about 8 percent of the instances. We therefore estimate that of the 17,775 service entry date mismatches identified by USAFAC, 6,182 were listed correctly in the personnel file; 3,864 were correctly listed by JUMPS-RC; and 6,182 were incorrect on both systems. We also estimate that unit technicians would be unable to determine the correct dates for the remaining 1,547 mismatches.
- Unit identification codes contained in JUMPS-RC were accurate in about 60 percent of the instances, while the codes contained on the personnel file were accurate in approximately 40 percent of the instances. We therefore estimate that of the 3,053 code discrepancies found by USAFAC, 1,832 were correctly listed on JUMPS-RC and 1,221 were correctly listed on the personnel file.
- Grade data contained in JUMPS-RC were accurate in about 87 percent of the instances, and the personnel file was accurate in approximately 13 percent of the

instances. 1/ Therefore, of the 8,047 grade mismatches found by USAFAC, 6,974 were listed correctly in JUMPS-RC and 1,073 were listed correctly in the personnel file.

RESULTS OF THE GUARD COMPARISON

As previously discussed, USAFAC's comparison of pay and personnel records for the District of Columbia, Indiana, and Virginia was unsuccessful, and thus we could not determine the extent of differences in the identity of members on the two systems. Because all personnel transactions such as assessments, losses, and promotions are processed first through the States' personnel systems and then submitted on a weekly basis to the JUMPS-RC pay system and the National Guard Bureau personnel system, the systems should have few differences. However, as of June 30, 1979, about a 5-percent variance existed between the total records in both systems. As of that date, the National Guard Bureau reported to DOD a total strength of 18,200 guardsmen in the District of Columbia, Indiana, and Virginia. USAFAC, as of the same date, showed a total of 19,115 members on the pay file.

The Army Guard, like the Army Reserve, overstates strength by carrying members that have serious attendance problems which could impact substantially on the readiness condition of the Guard. For example, the AAA's report on absenteeism dated December 1979 showed that 681 members (3 percent in the District of Columbia, Indiana, and Virginia Guard) missed all drills during the 6-month period of October 1, 1978, to March 31, 1979. Furthermore, 11 percent or 2,270 guardsmen from these States missed one-half or more of their drills during the same period. Overall, AAA reported that 34,000 guardsmen or about 10 percent of the Guard Force missed half or more of their drills in the first half of fiscal year 1979.

In addition to units carrying members on strength reports with unsatisfactory drill performance, we identified 39 Guard members in the District of Columbia, Indiana, and Virginia personnel systems who never returned to their units after attending basic training--some as long as 3 years ago. These members should have been discharged and dropped from the personnel systems long ago.

1/In a majority of the instances we examined, the personnel system did not have the member's grades stored.

CONCLUSIONS

Major differences exist between the information contained in the pay and personnel systems for the Army Guard and Reserve. Neither the pay system nor the personnel system accurately reflect the strength of the Guard and Reserve.

We believe the imbalance between pay and personnel systems and the reliability of information in these systems will continue to be a problem until the Army makes a concerted effort to improve the timeliness, flow, and accuracy of source data, and develops programs to readily verify or correct information as the need arises. While we recognize that it is difficult, if not impossible, to establish and maintain both pay and personnel files that are 100-percent accurate, we do not think the Army can accept the current inaccuracies in these systems--particularly as it relates to strength accountability. Although the 1st Army Reserve has taken steps to correct its data files, much more needs to be done to improve procedures to insure that accurate data is entered on a timely basis. The 5th and 6th Army Reserves and the National Guard Bureau have not made a similar effort to reconcile disparities between their pay and personnel files and should do so promptly.

RECOMMENDATIONS

We recommend that the Secretary of the Army

- review and modify existing procedures to improve the timeliness, flow, and accuracy of source data needed for entering and deleting members from the pay and personnel systems;
- initiate actions to remove members from the rolls who do not meet established Army attendance standards;
- develop programs to readily verify or correct data in the systems as the need arises; and
- reconcile on a regular basis the pay and personnel data vital to management needs for the National Guard and Reserve.

Army officials at the installations reviewed generally agreed with our findings and said they would study the recommendations to determine what actions need to be taken.

(963117)

Single copies of GAO reports are available free of charge. Requests (except by Members of Congress) for additional quantities should be accompanied by payment of \$1.00 per copy.

Requests for single copies (without charge) should be sent to:

U.S. General Accounting Office
Distribution Section, Room 1518
441 G Street, NW.
Washington, DC 20548

Requests for multiple copies should be sent with checks or money orders to:

U.S. General Accounting Office
Distribution Section
P.O. Box 1020
Washington, DC 20013

Checks or money orders should be made payable to the U.S. General Accounting Office. NOTE: Stamps or Superintendent of Documents coupons will not be accepted.

PLEASE DO NOT SEND CASH

To expedite filling your order, use the report number and date in the lower right corner of the front cover.

GAO reports are now available on microfiche. If such copies will meet your needs, be sure to specify that you want microfiche copies.

AN EQUAL OPPORTUNITY EMPLOYER

UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE



THIRD CLASS