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Potential For Improvement In The
Army Reserve Drill Pay System

B-125037

Department of the Army

UNITED STATES
GENERAL ACCOUNTING OFFICE

AUG. 30, 1971



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

DEFENSE DIVISION

B-125037

Dear Mr. Secretary:

The accompanying report summarizes our findings, conclusions, and recommendations on the basis of our review of the Army Reserve Drill Pay System. It shows that significant economies can be achieved by centralizing the Army Reserve drill pay function at one location under a fully mechanized pay system; by discontinuing the recording of retirement credits for, and issuing annual statements to, obligated enlisted reservists; and by strengthening controls over attendance at drills by prescribing sign-in and sign-out procedures for use by Reserve units where practicable.

This report contains recommendations for your consideration that are subject to the provisions of section 236 of the Legislative Reorganization Act of 1970. We shall appreciate receiving copies of the statements you furnish to the specified committees in accordance with this act.

Copies of this report are being sent today to the Director, Office of Management and Budget; the Secretary of the Army; the Chairmen, House and Senate Committees on Government Operations; the Chairmen, House and Senate Committees on Appropriations; and the Chairmen, House and Senate Committees on Armed Services.

Sincerely yours,

[For] Director, Defense Division

The Honorable
The Secretary of Defense

D I G E S T

WHY THE REVIEW WAS MADE

The General Accounting Office (GAO) reviewed the Army Reserve Drill Pay System to determine (1) the feasibility of developing a fully mechanized system at a central point and (2) the effectiveness with which the current pay system is operating.

FINDINGS AND CONCLUSIONS

Payrolls for Reserve training drills were being handled by nine finance and accounting offices at an annual cost of \$658,000. Three of the nine offices were using a manual pay system.

All payrolls for training drills could be prepared at one place under a fully mechanized system at an annual cost of \$533,000, which, GAO estimated, would save \$125,000. (See p. 6.)

Army regulations require that retirement points earned monthly by each reservist be recorded without regard to whether he might become a career reservist. In view of the fact that 206,688 of an estimated 260,000 reservists are obligated enlisted reservists and the fact that these reservists have a reenlistment rate of only 1-1/2 percent, GAO feels that retirement point credits should not be recorded for them.

Instead, records should be maintained to permit compilation of total retirement points earned for those individuals who do reenlist. The elimination of this requirement would result in substantial savings, since Army commands currently are expending approximately \$431,000 annually in personnel and machine costs to process and account for retirement points. (See p. 8.)

Each Army command is responsible for prescribing regulations for taking and recording attendance at drills for those units under its jurisdiction. GAO found a wide variation in methods used for recording attendance at drills.

The basic documents--attendance records and drills reports--for the Army Reserve Drill Pay System contain discrepancies in the number of drills performed by reservists. The absence of uniform attendance procedures and of a standard attendance form contributed to the discrepancies. As a result, erroneous payments were made to reservists and retirement credits either were recorded in error or were not recorded when earned. In

the month included in GAO's test--April 1970--the Army made erroneous payments totaling about \$116,900. (See pp. 10 to 14.)

RECOMMENDATIONS OR SUGGESTIONS

The Secretary of the Army should

- direct that the Army Reserve drill pay function be centralized in one place under a fully mechanized pay system;
- direct that recording retirement point credits for, and issuing annual statements to, obligated enlisted reservists be discontinued;
- direct that records be maintained to permit compilation of total retirement points for those who reenlist;
- prescribe uniform procedures for observing and recording attendance at drills;
- prescribe a standard attendance form for use by all Reserve units;
- prescribe sign-in and sign-out procedures for use by reserve units where practicable;
- prescribe procedures for verifying drill reports to attendance records; and
- place increased emphasis on the criteria and procedures for authorizing and recording equivalent training.

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- prescribe procedures for verifying drill reports to attendance records; and
- place increased emphasis on the criteria and procedures for authorizing and recording equivalent training.

CHAPTER 1

INTRODUCTION

The U.S. Army Reserve is a Federal force organized, maintained, and commanded by the Active Army. The mission of the Reserve is to meet Army mobilization requirements by providing (1) units that are staffed, trained, and equipped sufficiently to be deployed with a minimum of postmobilization training and (2) trained officers and enlisted personnel to reinforce and replace losses of Active Army units. When training or on full-time duty with Active Army units, members of the Reserve are considered in a Federal pay status under the jurisdiction of the Secretary of the Army.

The Reserve Forces Bill of Rights and Vitalization Act of 1967 made certain changes in the organizational and administrative structure of Reserve components to enable them to better meet their mobilization role. The act created a Selected Reserve within each Reserve component to provide a basis for assigning priorities for personnel, training, and equipment to Reserve elements which have the highest requirement for meeting the needs of the Department of Defense. The act provided that members of Selected Reserve units attend a minimum of 48 drills annually, plus a period of active-duty training of not less than 14 days each year. For fiscal year 1971 the Selected Reserve of the Army Reserve was programmed to attain an average strength of not less than 260,000.

The Army Reserve Drill Pay System is decentralized at nine finance and accounting offices in the continental United States and is operated partly on a manual and partly on a mechanized basis. For a scheduled drill the Reserve unit prepares a drill report--known as a Unit Record of Reserve Training--which shows the status of each member for that drill. Depending upon whether a unit is under a manual or a mechanized payroll system, unit commanders use the drill reports to prepare military pay vouchers or enter current data on a preprinted military pay roster which shows each member assigned to the unit at the end of the payroll period. The pay roster is used to furnish pay data to finance and accounting offices for mechanical preparation of military pay vouchers. Preprinted military pay rosters are

prepared by finance and accounting offices at the end of the payroll period and are sent to Reserve units operating under a mechanized payroll system.

For both the manual and the mechanized systems, payrolls, together with substantiating documents and Army Reserve pay voucher summary and certification sheets, are sent to finance and accounting offices on a quarterly basis for computation and payment.

Reservists become eligible for retirement pay after completion of 20 years of qualifying service and attainment of 60 years of age. As of June 30, 1949, reservists must earn a minimum of 50 retirement points a year to have that year credited as qualifying service. Not more than 60 points a year will be credited for drill training in any one retirement year.

Retirement points are earned for days on active duty; membership in an active status in a Reserve unit; participation in drills; preparation and presentation of instruction; performance of medical, pastoral, and certain legal duties; attendance at professional or trade conventions and at Armed Forces seminars; completion of Armed Forces extension courses; and some other services and duties.

Training in lieu of attendance at regularly scheduled drills is known as equivalent training. It may consist of instruction, training, or other appropriate duty. Equivalent training must be authorized in advance and must be in the best interests of the service--not for the convenience of the individual member.

Public Law 88-110, dated September 3, 1963, established a uniform service obligation of 6 years for every unmarried male between the ages of 17 and 26 years. This obligation can be met by a combination of active military service, assignment to a unit or control group in the Ready Reserve, or assignment to the Standby Reserve.

The General Accounting Office reviewed the Army Reserve Drill Pay System to determine

--the feasibility of centralizing the system on a mechanized basis,

- the controls over drill attendance and related payments for drills,
- which Army organizations administered various phases of the Reserve pay system and how these organizations carried out their responsibilities,
- the accuracy of payments for attendance at drills,
- how reservists were given credit for retirement benefits for drills performed, and
- what internal audits were made of the pay system.

CHAPTER 2

CENTRALIZING RESERVE PAY

The Army could save \$125,000 annually by processing payments for Reserve drill training at one central location under a fully mechanized payroll system. This would be more efficient and would result in better service to individual reservists.

Presently Reserve drill-training payrolls are paid by nine finance and accounting offices in the continental United States; one finance office each in the 1st, 3d, and 5th Army areas, two in the 4th Army area, and four in the 6th Army area. Six of these offices use a mechanized payroll system, whereas three in the 6th Army area use a manual system. According to the Army, which developed the information at our request, the current annual costs attributable to the Reserve payroll function at these nine offices is \$658,000.

Over 40 percent of all Army reservists in the United States receiving drill pay--those in the 1st Army area--are paid by one finance and accounting office at Indiantown Gap Military Reservation under a mechanized payroll system. Current automatic data processing costs and related personnel costs for this operation are estimated to be \$237,000 annually. Indiantown Gap estimated that, with additional annual costs of \$296,000--primarily for more personnel--it could process all drill-training payrolls for reservists in the United States. Thus the total estimated cost of processing all drill-training payrolls by Indiantown Gap is \$533,000, or \$125,000 less than the amount currently being paid to process Reserve pay at nine separate locations.

Centralizing payment of Reserve drill-training pay at one location under a fully mechanized payroll system also would simplify operations at Reserve units now using a manual payroll system. Unit commanders no longer would have to prepare a military pay voucher for each member to be paid--as is now done under the manual system--but, instead, would enter only current data on a preprinted pay roster which shows each member assigned to the unit at the end of the payroll period.

AGENCY COMMENTS

Indiantown Gap officials expressed a willingness, as well as an eagerness, to process all Reserve payrolls if they were given the additional resources. This matter also was discussed with the Chief of Army Reserves who expressed general agreement with the concept of centralization but who stated that it would require consideration and approval by the Army.

CONCLUSION AND RECOMMENDATION

We believe that there are opportunities for significant savings and better service to reservists through readily implemented changes to the Reserve pay system.

To achieve these savings, we recommend that the Secretary of the Army centralize the Reserve drill pay function at one location under a fully mechanized pay system.

CHAPTER 3

RECORDING RETIREMENT POINTS

Retirement points are recorded monthly on each enlisted reservist's record, and reservists are furnished with annual statements of retirement credits earned--at an annual cost of about \$431,000--even though few reservists having obligated service reenlist after serving their initial enlistment period. In our opinion, this is an unnecessary and costly procedure.

Using information shown on personnel rosters furnished to them monthly by Reserve units, all five Army Headquarters in the United States record manually the number of retirement points earned by each reservist assigned to units under their command. Also they furnish reservists with annual statements of the retirement points credited for the preceding year. Two Armies--the 1st and 6th--were more than a year behind in recording retirement points and in furnishing annual statements to reservists.

As of December 31, 1970, the Army Reserve had 226,306 enlisted members in a pay status. Army officials informed us that 206,688 of these members were first enlistment reservists having obligated service under the Reserve Enlistment Program of 1963. Experience has shown that such reservists have a reenlistment rate of only 1-1/2 percent.

Reservists become eligible for retirement pay only after completion of 20 years of qualifying service and attainment of 60 years of age. Prior to reenlistment for a second tour of duty, there is no indication that a reservist is likely to continue in the Reserve until he is eligible for retirement. Consequently, up to this time, recording the number of retirement points earned by an individual serves no useful purpose.

AGENCY COMMENTS

Officials of the 6th Army have acknowledged that the present system of recording retirement points is unwieldy and complicated and does not lend itself to mechanization. They believed that retirement point credits should not be

recorded for reservists having obligated service because of the small number of these reservists who would remain with the Reserve program once the initial period of service was completed.

CONCLUSION AND RECOMMENDATIONS

We believe that recording retirement point credits for first enlistment reservists and furnishing annual statements to them is unnecessary and that substantial annual savings could be realized by discontinuing this practice.

We recommend that the Secretary of the Army direct that

- recording retirement point credits for, and issuing annual statements to, obligated enlisted reservists be discontinued and
- records be maintained to permit compilation of total points earned for those individual who reenlist.

CHAPTER 4

REPORTING ATTENDANCE AT DRILLS

The basic documents for the Army Reserve Drill Pay System--attendance records, drill reports, military pay rosters, and/or military pay vouchers--contain discrepancies in the number of drills performed by reservists. The absence of a uniform attendance procedure and of a standard attendance form contribute to these discrepancies. As a result, erroneous payments were made to reservists--estimated at \$116,900 in April 1970--and retirement credits either were recorded in error or were not recorded when earned.

DISCREPANCIES IN REPORTING DRILLS PERFORMED

From Reserve units in the United States, we selected a statistical sample of 107 units for our review. These included units in each of the five Armies in the continental United States. Of the 107 Reserve units, 23 did not provide us with attendance records, other than the drill reports (Unit Records of Reserve Training).

Our comparison of April 1970 drill reports with attendance reports for 84 units and with pay rosters and/or military pay vouchers for all units showed that 152 discrepancies had been made in recording the drills performed for 34 units, which resulted in overpayments and underpayments totaling \$3,475.

About 72 percent of the \$3,475 (68 percent of the discrepancies) were overpayments for drills. Two examples of such overpayments follow.

In one reserve unit 38 reservists were paid for one drill more than was scheduled in the quarter. Army regulations do not authorize payment for such additional drills. Overpayments of about \$335 were made to these reservists.

In another reserve unit two reservists were reported on the drill report as constructively present for five drills scheduled in April 1970 because they

were scheduled to perform equivalent training in lieu of such drills. The pay rosters, however, indicated that the members had been absent from these drills, and consequently they were not paid. Information furnished to us by the units indicated that the two members had performed the equivalent training as scheduled and therefore were entitled to payment. These two reservists were underpaid about \$160.

On the basis of our sample, we estimated that errors in payments made to reservists for 1 month, April 1970, totaled \$116,900. Further, as a result of these errors, reservists were credited with either too many or too few drills for retirement purposes. This ultimately could affect the reservists' rates of retirement pay.

LACK OF UNIFORM ATTENDANCE PROCEDURES AND OF A STANDARD ATTENDANCE FORM

Reserve units used different methods to observe and record attendance at drills because uniform attendance procedures and a standard attendance form had not been prescribed by the Army. We believe that this lack of uniform procedure contributed to the discrepancies in the drill records.

Uniform attendance procedures needed

Neither the Department of the Army nor the Continental Army Command has issued uniform procedures for recording attendance at drills. We noted in our visits to headquarters of three Army commands that two of them had issued procedures for recording and reporting attendance and that one had not. The one Army command relied on its subordinate Reserve commands to perform this function. While attending meetings of selected Reserve units, we observed the following breakdown in controls over attendance data.

- One Army command required all units to use the roll-call procedure. We found that this procedure did not provide adequate documentation of attendance.
- At one unit within this command, we found that one reservist had received pay and retirement points although his presence could not be verified.

- At another unit we noted that 15 members who were excused from formation but marked present had never been located.
- We also counted the members present at the closing formation and found that the attendance registers reported 24 more men present than our count. We could find no documentation for 10 of these 24 who supposedly had been excused.
- At one unit in another Army command, we found inadequate administrative control over the roll-call rosters and related pay documents, which resulted in erroneously counting four men as present.
- In another unit we noted that three reservists had been marked present but were performing equivalent training in lieu of the scheduled drill.

The above variations in procedures demonstrate the need for uniformity in recording attendance at drills.

Standard attendance record needed

Currently a variety of attendance records are used by Reserve units. Some units use sign-in and sign-out registers, others use roll-call rosters, and still others use the worksheet copy of the drill report. For those units using sign-in and sign-out registers and roll-call rosters, a variety of locally reproduced forms were used.

To simplify the recording of attendance, one standard attendance record should be prescribed for use by all Reserve units. Instructions should be issued explaining how the attendance record should be prepared. Such instructions should include a requirement that reservists sign in and out at drills and that drill reports be independently verified to attendance rosters and military pay rosters. The use of a standard attendance record not only would reduce the number of errors in recording attendance but also would aid in the audits of Reserve units.

Noncompliance with existing
equivalent training regulations

Army Regulations 140-1 and 37-125 require that unit orders authorizing equivalent training in lieu of attendance at scheduled drills be issued prior to the performance of such training. At a unit in one Army command, we found that 21 members had been excused from regularly scheduled drills to perform equivalent training without the required orders authorizing the training. At a later date orders were issued and backdated to cover performance of the equivalent training. The backdating of such orders and the absence of substantiating documents raise a question as to whether the training actually was performed.

AGENCY ACTIONS

The Army Audit Agency, in its review of Reserve activities in 1969, recommended to the Commanding General, Continental Army Command, that uniform procedures for recording attendance at training assemblies be established. Specifically it recommended that sign-in and sign-out registers be used and that the commanding officer or a designated representative witness the signing of the registers at the beginning and end of each training assembly.

The Department of the Army informed the Army Audit Agency that it did not concur in this recommendation. It took the position that uniform Army-wide policies contained in Army Regulations 135-91 and 140-185 provide commanders with adequate guidance on this subject and that it would be ineffective and inappropriate to impose procedures which would apply to all Reserve units in an area that is a matter of command responsibility.

The Department of the Army believes that improvement in this matter depends solely upon increased command emphasis, particularly at the unit level. Commanders at all levels will be directed to place more emphasis on this matter, and the subject will be included in a checklist to be prepared for the use of Army advisors to Reserve units.

The results of our review, however, have indicated that attendance-recording procedures that do not require the member to sign in and out at a training assembly do not

provide a satisfactory record of those in attendance at the drill. We therefore concur in the Army Audit Agency recommendations.

CONCLUSION AND RECOMMENDATIONS

Accurate attendance records and drill reports are essential to an effective drill pay system. Drill reports are the basis upon which pay is computed and retirement credit is given to reservists. They can be only as accurate, however, as the attendance reports on which they are based.

Currently there are a sufficient number of discrepancies between drill reports and attendance records in the number of drills performed to seriously affect the accuracy of payments under the Army Reserve Drill Pay System. We believe that these discrepancies can be reduced.

To ensure that accurate attendance data are submitted, we recommend that the Secretary of the Army prescribe

- uniform procedures for observing and recording attendance at drills,
- a standard attendance form for use by all Reserve units,
- sign-in and sign-out procedures for use where practicable, and
- procedures for verifying Unit Records of Reserve Training to attendance records.

Additionally we recommend that the Secretary of the Army place increased emphasis on the criteria and procedures for authorizing and recording equivalent training.

CHAPTER 5

SCOPE OF REVIEW

In evaluating the Army Reserve Drill Pay System, we reviewed the following Army activities.

Army Finance Center, Fort Benjamin Harrison, Indiana

- To determine whether reservists had been paid properly for drills performed, we compared the attendance records for April 1970, where available, with the Unit Records of Reserve Training and, in turn, these records with the individual pay rosters and/or military pay vouchers for 7,471 reservists assigned to 107 selected training units.
- To ascertain whether pay information had been recorded properly, we audited the military pay vouchers of 866 reservists.

Headquarters, U.S. Continental Army Command Fort Monroe, Virginia

- We reviewed this command to obtain information on the command structure of the U.S. Army Reserve and to ascertain the type and scope of inspections performed at Reserve units.

U.S. Army Administration Center, St. Louis, Missouri

- We made a review to obtain information on what personnel data were available on the individual reservists and on the kinds of reports issued with respect to the Ready Reserve.

Headquarters, 1st U.S. Army,
Fort George G. Meade, Maryland
Headquarters, 5th U.S. Army,
Fort Sheridan, Illinois
Headquarters, 6th U.S. Army,
Presidio of San Francisco, California

--We obtained general information on how these commands operated within the Reserve organization. We determined the extent to which these commands directed, supervised, and reviewed the recording and reporting of attendance at drills and the processing of pertinent personnel data for pay and retirement purposes.

Finance and Accounting Office, Indiantown Gap
Military Reservation, Pennsylvania
Finance and Accounting Office, Presidio of
San Francisco, California

--We reviewed these offices to obtain information on the operations of, and to evaluate the effectiveness of, the finance and accounting offices relative to the Army Reserve Drill Pay System.

Various Reserve units

--We evaluated the procedures and controls for observing, recording, and reporting attendance at drills by reservists. We visited the number of Reserve units specified after each of the locations listed below.

Camden, New Jersey (2)
Horsham, Pennsylvania (1)
Indianapolis, Indiana (4)
Mountain View, California (1)
Oakland, California (1)
Philadelphia, Pennsylvania (1)
San Francisco, California (1)
Sausalito, California (1)