



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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DEC 28 1973

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The Honorable William Proxmire
United States Senate



Dear Senator Proxmire:

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In response to your request of July 10, 1973, we have examined allegations concerning (1) two officers assigned to the same position in airborne units so that both would draw parachute pay while only one would be required to make the necessary jumps and (2) the use of Army troops and equipment in constructing a privately owned golf course in Germany. Both situation involved the 8th Infantry Division headquartered in Bad Kreuznach, Germany.

Assignment of Officers to Parachute Positions

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To receive parachute pay, a member must be assigned to a position designated as a parachute position. Department of Army regulations permit replacement personnel to be placed directly in an occupied parachute position prior to rotation of the incumbent when required by replacement practices. The Department places a 30-day limit on such practices since this double-slotting--as the 8th Infantry Division refers to it--may result in more parachutists assigned than authorized. To qualify for parachute pay, however, both individuals involved in double-slotting would have to make the required jumps.

On July 19, 1973, the Army Audit Agency issued a report on the 8th Infantry Division concerning service members receiving parachute pay while they were in non-parachute duty positions or when they did not make jumps with the required frequency to qualify for parachute pay. An extract of the portions of the Agency's report addressing parachute pay is enclosed. Accordingly, we limited our review to determining the extent of double-slotting in excess of the 30-day limitation for both officers and enlisted men.

As of July 31, 1973, the 8th Infantry Division had about 2,200 authorized jump positions. We looked at about 400 positions to find out which ones had two occupants--double-slotted--as of July 31, and if the two occupants had jointly occupied the position longer than 30 days. We found only seven instances of double-slotting in excess of 30 days with the excess time averaging less than 4 months. None of these instances involved officers. We also noted that other members were assigned to positions having no occupation code; however,

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assignment to these positions allowed the incumbents to jump and receive parachute pay. The effect is the same as double-slotting since there are no open jump positions for which the members are qualified. We found, however, only five instances of this practice, none of which involved officers. These twelve instances resulted from administrative determinations concerning where to place incoming personnel who were airborne qualified. The units whose records we examined did not exceed their authorized number of members receiving parachute pay.

Effective August 31, 1973, the airborne elements of the 8th Infantry Division were redesignated as mechanized infantry units. Therefore, parachute pay is no longer authorized for any position in the 8th Infantry Division.

Use of Army Troops and Equipment in
Constructing a Private Golf Course

The information we were able to obtain on the golf course construction project is based almost entirely on interviews with personnel currently assigned to the 8th Infantry Division. Enclosed to this letter is a listing prepared from 8th Infantry Division personnel records of officers in command during the golf course construction. As agreed with your staff, we did not interview Division officials who were in command at the time but are now assigned elsewhere. Since the documentation is scanty, we cannot say with certainty why the episode occurred. We were, however, able to determine the events which took place, the resources committed, and the actions taken recently by Army officials.

The land clearing operation began on Friday, January 21, 1972, when three combat engineering vehicles, one road grader, one bulldozer, and two tractor trailers were moved from the battalion headquarters to the golf course--about a 30-mile trip. During the weekend, the heavy equipment cleared a bivouac area for the remainder of the battalion and also cleared five to eight acres of wooded land. On Monday, January 24, the rest of the battalion moved to the golf course area. The first day and part of the second were spent in setting up the bivouac area and in demolition training--blowing up trees. The battalion spent the rest of the week cleaning up--chopping, sawing, dragging, and burning trees. Most of the battalion returned to the headquarters area on Friday, January 28, but some men and equipment remained several more days to finish cleaning up.

Documentation related to the construction project was extremely limited. Although no cost data were available, we were able to obtain the following information:

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- Between 500 and 600 troops were involved for about 5 days.
- About 137 military vehicles were moved to the area, a round trip of about 60 miles. Included were 34 personnel carriers, 3 combat engineering vehicles (tank with dozer-blade attachments), a road grader, a bulldozer, a 20-ton crane, and a number of lighter vehicles.
- About \$1,000 worth of fuel was used for the vehicles and for burning fallen timber.
- Demolition material worth about \$300 was used.
- Two tents which cost a total of about \$1,000 were destroyed by sparks from burning trees.
- There were other expenses, such as costs resulting from damage to chain saws and hand tools and broken lights on vehicles.

A March 1972 news article about the land clearing operation characterized it as both a field training exercise for the troops involved and as a community relations project. According to an 8th Infantry Division official, a field training exercise probably had no precise definition other than training troops away from their headquarters area.

A variety of activities are defined as community relations projects in applicable United States Army, Europe, regulations. However, regulations exclude projects which benefit private individuals, organizations, and associations rather than benefit a community as a whole. The regulations clearly rule out support of dues-paying organizations or commercial ventures. The golf club constitution requires that members will be charged annual dues, admission fees, and other costs.

Approval for community assistance projects is usually handled through the Division Community Relations Officer. The current Community Relations Officer, who was also assigned to the Division when the incident occurred, told us that when he learned the course was privately owned and the clearing would require much manual labor, he refused the request. He told us he did not hear of the project again until his office was asked to handle the publicity.

The allegation concerning Captain Colt, former Commander, Headquarters and Headquarters Company, 12th Engineer Battalion, is supported by news articles which identified him as being involved in the golf course design. Morning reports for the month of January

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1972 show that Captain Colt was absent from his company from January 7 through January 17 but do not state the reason for his absence. We interviewed numerous Division and battalion personnel and a German citizen involved with the golf course to determine Captain Colt's role in the golf course operation. These interviews did not clarify the role of Captain Colt.

The present Division Commander said that on the day he assumed command of the Division he was approached by a German citizen and asked if troop assistance could be expected in clearing golf course land. He said he dismissed the request upon learning that the golf course was privately owned, and he did not realize what had previously happened until we began our inquiries. At that point, he requested the Division Inspector General to investigate the affair.

The Division Inspector General told us that his report would go to the Division Commander and possibly to the Inspector General of the Army. Department of the Army Inspector General officials informed us that they are aware of the investigation within the 8th Infantry Division and expect to receive a report on the incident shortly. As agreed with your staff, we do not intend to pursue this matter further since the Army's Inspector General is now conducting an investigation of this incident.

We do not plan to distribute this report further unless you agree or publicly announce its contents. We trust this information satisfies your needs.

Sincerely yours,

A handwritten signature in black ink, appearing to read "R. F. Keller". The signature is written in a cursive style with a large initial "R" and "F".

Comptroller General
of the United States

Enclosures

8th Infantry Division and 12th Engineer
Battalion Officers in Command During the
Golf Course Incident

Brigadier General John R. Thurman, Assistant Division Commander (A).
Out processed September 25, 1972. Assigned to Holding Detachment
Washington, D. C. SSN 238-26-1135

Brigadier General Hiestand, Assistant Division Commander (B)
Assigned to Military Assistance Command, Viet Nam USA Element
SSN 418-16-0755

Lieutenant Colonel Elisha L. Gallup, Commanding Officer 12th Engineer
Battalion Out processed July 14, 1972. Assigned to USA Student
Detachment, Fort Meade, Maryland. Later assigned to Naval War
College, Newport, Rhode Island, SSN 042-32-5193

Captain John Colt, Commanding Office, HHC, 12th Engineer Battalion
Assigned to USA TRF Detachment. Later released from the Army. Most
recent known address - North Pasture, West Port, Connecticut 06880
SSN 070-34-4659

Captain Gibson, Executive Officer, HHC, 12th Engineer Battalion. Out
processed June 12, 1973. Assigned to Fort Rucker, Alabama
SSN 255-68-9229

Captain Michael Diffley, Commanding Officer, A Company, 12th Engineer
Battalion. Out processed February 8, 1973. Assigned to 6th HHD,
P&A Battalion, ASCOM, Seoul, Korea APO 96220 SSN 263-78-4676

Captain Walter C. Neitzke, Commanding Officer, B Company, 12th Engineer
Battalion. Out processed November 29, 1972, assigned to USAUNDET
APO 96307 SSN 365-48-1952

Captain Richard Polin, Commanding Officer, C Company, 12th Engineer
Battalion. Out processed January 4, 1973. Assigned to Engineer
District, Far East, Seoul, Korea SSN 075-38-0965

Captain William Davis, Commanding Officer, D Company, 12th Engineer
Battalion. Released from the Army SSN 169-34-5076

Captain Hugh Dittmore, Commanding Officer, E Company, 12th Engineer
Battalion. Still in this position. Should out process to Washington,
D. C. about October 2, 1973. SSN 073-40-4265

U. S. ARMY AUDIT AGENCY

AUDIT REPORT: EU 74-2P

DATE OF ISSUE: 19 JULY 1973

REPORT OF AUDIT

MILITARY PAY

8TH INFANTRY DIVISION

BAD KREUZNACH, GERMANY



EUROPEAN DISTRICT, USAAA
Frankfurt, Germany

AUDIT OF MILITARY PAY
8TH INFANTRY DIVISION
Bad Kreuznach, Germany

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U. S. ARMY AUDIT AGENCY
WASHINGTON, D. C. 20315

AUDIT OF MILITARY PAY
8TH INFANTRY DIVISION
Bad Kreuznach, Germany

Audit Report: EU 74-2P

19 July 1973

PART I

SUMMARY

OBSERVATIONS AND CONCLUSIONS

Implementation of the Joint Uniform Military Pay System, Army (JUMPS-Army) involved substantial revisions in the methods of paying service members. A master military pay file was established at the U. S. Army Finance Support Agency where the file is maintained by computer. Changes to service members' pay continue to be prepared locally; but under JUMPS-Army, the changes are encoded and electrically transmitted to the Finance Support Agency for entry in an automated master file. Documents substantiating pay changes are periodically forwarded to the Finance Support Agency for retention in a permanent file and copies are also retained by the local offices for 1 year. The automated master file is used by the computer to prepare payrolls.

A substantial expenditure of time and effort was expended in order to convert to JUMPS-Army. Units already faced with a shortage of trained personnel had to reorganize, revise existing procedures, train for operations under the JUMPS-Army system and perform extensive purifications of existing records. These actions were accomplished after the normal daily routine work was completed. Conversion efforts in Europe were further hampered because telephonic contact with the proponent agency was difficult to achieve.

The 8th Infantry Division, recognizing that accurate and timely pay is a primary ingredient in maintaining high morale, made operations under JUMPS-Army a matter of widespread command emphasis. Consequently, implementation of JUMPS-Army in the Division was quite effective and military pay operations were better than they were under the old system. Most of the functions we reviewed were operating smoothly

and efficiently; however, there were some areas where opportunities for additional improvements existed. Specifically, there was a need for improvements in accounting for leave, making incentive payments for parachute duty, and processing documentation relative to changes in pay grade and estimated separation dates.

Recommendations on the conditions we found are addressed to the Commander, 8th Infantry Division.

SYNOPSIS OF CONDITIONS

Leave Accounting

We estimated that there were inaccuracies in 31 percent of the Division's military leave records. Leave taken during the past 2 1/2 years, but not correctly recorded, could eventually lead to substantial overpayments at the time personnel are separated or reenlisted. Additional controls were needed to ensure that all leave taken in connection with changes in duty stations and leave reported on morning reports were correctly posted to leave records and properly calculated. (Condition 1, page 4)

Parachute Pay

Service members were paid for parachute duty during periods when they were not actually entitled to such payments. Actions to recoup the overpayments were not timely, and not all of the overpayments were collected. Approximately \$64,000 was recouped, but we estimated that an additional \$153,000 should be collected. (Condition 2, page 7)

Pay Operations

Information contained in the Personal Financial Records was not always current. Soldiers had to wait for extended periods of time to receive the pay entitlements of their new grades because orders were not promptly received at the Finance Office. Some individuals were overpaid at the time they were separated from the service because data was not promptly reported to the U. S. Army Finance Support Agency. Overpayments and underpayments were also made because basic dates used for computing pay were wrong. (Condition 3, page 10)

COMMAND REACTION

Command agreed with all conditions and recommendations and stated that corrective action had been or would be taken. Detailed command comments appear in Attachment A to this report.

2 - Parachute Pay

CONDITION

Parachute pay totaling \$217,000 was paid to men who were not entitled to it because they were either not occupying parachute duty positions or did not make parachute jumps with the required frequency. Actions taken by the Finance Office to correct this condition and recoup overpayments were not fully effective.

RECOMMENDATIONS

- a. Review the jump records for all Division personnel to determine the correctness of payments for parachute duty. Recoup all incorrect payments.
- b. Terminate the jump-pay entitlement for all men when they arrive at the Division. Reinstate the entitlement when unit commanders request jump orders.
- c. Make periodic reviews of individual jump records maintained by the units to verify their accuracy. Selectively compare the verified records to data reported to the Finance Office for pay purposes.
- d. Establish controls to ensure that men do not get parachute pay when they occupy other than parachute duty positions.

COMMAND REACTION: Command agreed and stated that corrective action had been or would be taken. See Attachment A, page 16.

Details of Condition

Background. Service members who are designated as parachutists, required by competent orders to engage in parachute jumping from an aircraft, and make the required number of jumps are entitled to incentive pay. Enlisted members receive \$55 per month while officers receive \$110. A Statement of Jump and Loading Manifest (DA Form 1306) containing the names of individuals jumping is prepared by either an officer or jumpmaster each time a jump is made. Information from the manifest is posted to the members' Individual Jump Record (DA Form 1307). The Jump Record is used to determine the members' eligibility for awards. Under the Joint Uniform Military Pay System (JUMPS), once a member is paid for parachute jumping, payments will continue automatically until action is taken by a finance office to cancel the entitlement.

Overpayments. Using statistical sampling procedures, we determined that 10 percent (1,260) of the Division's personnel had incorrectly received parachute pay. We estimated that during 1972, overpayments amounting to \$217,000 were made to personnel who either did not make the required minimum number of jumps or were not assigned to duty positions requiring parachute jumping capabilities.

Verification of Payments. During 1972 the responsibility for maintaining Individual Jump Records and validating pay entitlements rested with the Division Finance Office. Our review showed that controls were not exercised to ensure that (i) all jump manifests were forwarded to the Finance Office, (ii) data on jump manifests were posted to Individual Jump Records, or (iii) Individual Jump Records were regularly reviewed to determine if incentive payments should be stopped or overpayments recouped. Some special reviews were made by the Division to determine if people receiving parachute pay were entitled to the pay; however, these efforts were not in sufficient depth to identify causative factors or afford a basis for effective corrective action.

Division-Level Reviews. The U. S. Army Finance Support Agency developed machine listings (commonly referred to as "Shredouts"), forwarded the listings to all finance officers and required that various pay items for accounts they serviced be verified. The Shred-out for parachute pay was received at the 8th Infantry Division in October 1972. The listing contained the names of 2,555 men in the Division who had received parachute pay as of 30 September 1972. Division finance personnel reviewed individual records to verify whether the 2,555 men (i) were parachutists, (ii) were assigned to a duty position requiring a parachutist, and (iii) had orders requiring them to make parachute jumps. They found that 604 of the men did not have orders, so action was taken to have orders issued. Finance personnel found that 76 men were not assigned to parachute duty positions and should not have received parachute pay. About \$28,000 was recouped from the 76 men. No reviews were directed by the Finance Support Agency, or initiated by the Division, to ascertain if personnel otherwise qualified for parachute pay had made parachute jumps with the required frequency. Further, no action was taken to determine why individuals in nonjump duty positions were getting jump pay and how to keep this condition from recurring.

In March 1973 (after we began our audit), another review was initiated by the Division Finance Officer. This review revealed that 91 people (mostly new arrivals) were assigned to nonjump positions and were overpaid almost \$11,000. We reviewed some of the work done by the Finance Office and found that amounts overpaid were not all recouped. We also reviewed records to determine why new arrivals were erroneously receiving parachute pay. We found that

during their previous assignment, these people had been assigned to parachute duty positions and had orders in their files upon arrival at the 8th Infantry Division. Under JUMPS, these people continue to receive parachute pay until a pay adjustment action is initiated to curtail the pay. We concluded that during inprocessing, action should be initiated to terminate jump pay for arriving individuals and to reinstate the pay when competent orders are issued by the 8th Infantry Division. When we discussed these points with Division personnel, immediate corrective action was taken.

Unit-Level Reviews. In December 1972, the Division Finance Office prepared listings of all men in the Division who were receiving parachute pay. These listings were sent to subordinate units along with instructions to review the listings and annotate the names of individuals who had not made the required number of jumps. When the completed listings were received from the units, the Finance Office noted obvious errors and decided the data could not be used as a basis for adjusting pay records. The Finance Office then sent clerks to the units to verify the listings to jump records maintained by the units. This effort revealed that \$25,000 had been erroneously paid to men who had not made the minimum jumps required. During our audit, we visited some of the units which had been previously reviewed by the Finance Office teams and found additional people who had not made the required jumps. We concluded that the review made by the finance clerks was not in sufficient depth or accurate enough to identify all people who erroneously received parachute pay.

Procedural Changes. On 1 April 1973, the responsibility for maintaining Individual Jump Records and determining who meets jump requirements for parachute pay was shifted, by the Division, from the Finance Office to the individual units. Units are now required to monitor jump records and submit to the Finance Office monthly listings of personnel who are not currently eligible to receive parachute pay. None of these reports were received by the Finance Office during our review so we were unable to ascertain the effectiveness of this new procedure. However, in view of the Division's past experience with unit-level submission of pay-correction data, we believe significant inaccuracies can be expected. We also noted that the new procedures made no provision for periodic reviews and verification at the units to ensure that accurate and complete data is being reported. Further, no controls have been specified or established to ensure that personnel being paid parachute pay are continuously occupying parachute duty positions.

PART III

GENERAL COMMENTS

PURPOSE AND SCOPE OF AUDIT

We made an audit of the military pay system (Joint Uniform Military Pay System - Army) at the 8th Infantry Division to evaluate the effectiveness and efficiency with which it was managed. The audit was performed as part of an Armywide audit and the results may be included in a consolidated report. The audit was made in accordance with generally accepted auditing standards; it covered transactions representing operations current as of 31 December 1972. An exit conference was held with the Commander of the 8th Infantry Division and members of his staff on 5 June 1973.

MISSION AND RESOURCES

The 8th Infantry Division is under the operational control of V Corps which is a major subordinate command of the U. S. Army, Europe and Seventh Army. The primary missions of the Division are to train personnel and maintain equipment in a high state of combat readiness, to be prepared to defend assigned areas in support of the North Atlantic Treaty Organization and to carry out other missions as assigned.

At 31 December 1972, the Division Finance Officer paid 13,111 military personnel. These personnel were paid about \$39.1 million in the first 6 months of FY 73.

ACTION ON PRIOR AUDIT REPORT

There were no conditions disclosed in this audit that had been reported in prior audits at the 8th Infantry Division.

[See GAO note]

2 - Parachute Pay

Command Comments. Command agreed and stated that during 1972, the Division disbursed a total of \$1,800,000 in parachute pay which, by comparison with the \$217,000 projection, represents a 12 percent overpayment. About 36 percent of the \$217,000 (\$80,000) has been recouped, thus leaving a balance of \$137,000, or a remaining overpayment of 7.6 percent. Reviews of jump pay entitlements were made by the Division as early as June 1972 when a special team was established to update jump records; but due to a backlog of manifests, substantiation for collecting parachute pay was not available in November 1972 for use in conjunction with the shredout effort. Specific corrective actions taken or planned are:

- A special team was established in April 1973 to recoup all overpayments of parachute pay. This team is making a unit-by-unit review of all jump records and unit jump cards to identify members of the 8th Infantry Division who have received parachute pay without entitlement. As each unit review is completed, the team is obtaining a statement from each commander to the effect that the results of the review are correct. This document is used as substantiation for the collection of overpayments. The target date for completion of this project is 31 July 1973.
- Parachute pay for all individuals inprocessing into the 8th Infantry Division is terminated at the inprocessing point. Commanders have been notified of the requirement to reinstate the individual on hazardous duty pay upon assignment to a jump slot.
- The Finance Office will conduct semiannual reviews of the individual jump records maintained by the units to promote accurate maintenance. The next review will be

performed in January 1974, 6 months after the completion of the current review. Information submitted from the units to substantiate entitlement to parachute pay will be retained and used during the reviews to verify accuracy.

-The following controls have been established to ensure men do not receive parachute pay when they are in other than parachute duty positions:

- (a) All parachute pay is now terminated at the in-processing point. Individuals must occupy an 8th Infantry Division jump slot prior to reinstatement.
- (b) The Finance Office makes a complete review of all LES's of nonjump units prior to filing. This procedure prevents the individual from being overlooked during the semiannual reviews.
- (c) During the semiannual reviews, the lists of persons drawing parachute pay will be compared against the units' Tables of Organization and Equipment to insure the individual is in a jump slot.

[See GAO note]

GAO Note: As discussed with your staff, sections of the report were omitted solely to reduce the size of the attachment.