

THE CURRENT BURDENSOME PAY PROCESSES OF THE MOBILIZED
ARMY NATIONAL GUARD SOLDIER:
FINDING BETTER OPTIONS

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement.)

ABSTRACT

THE CURRENT BURDENSOME PAY PROCESSES OF THE MOBILIZED ARMY NATIONAL GUARD SOLDIER: FINDING BETER OPTIONS, by Major Noland I. Flores, 99 pages.

The Department of Defense and the Army has been aware of million dollar pay problems associated with the Army National Guard (ARNG) and Reserve pay system ever since their role in Operation Desert Storm. These pay problems associated with the ARNG and Reserve pay system have exponentially grown ever since their increased role since 9/11. These million dollar pay discrepancies continue to this date and the Army has not been able to fix the problem. The culprit is an outdated system, namely the Defense Joint Military Pay System-Reserve Component (DJMS-RC), which does not link personnel actions with pay. As a result, the current pay processes system and controls include error-prone manual transaction entries into multiple non-integrated systems that result in numerous over and under payments and late payments to mobilized ARNG Soldiers. In an attempt to correct the deficiencies in pay, the Army thus far has not been able to introduce the Defense Integrated Military Human Resources System (DIMHRS) successfully. This study exposes discrepancies between regulations and actual practices in the mobilization pay process of the ARNG that increase the likelihood of problems associated with pay. Additionally, this research explores ways that the ARNG can reduce pay problems with its current pay system and quality assurance mechanisms in place.

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ACRONYMS

AAA	Army Audit Agency
AC	Active Component
ARNG	Army National Guard
BAH	Basic Allowance for Housing
CONUS	Continental United States
DFAS	Defense Finance and Accounting Service
DIMHRS	Defense Integrated Military Human Resources System
DJMS	Defense Joint Military Pay System
DJMS-AC	Defense Joint Military Pay System-Active Component
DJMS-RC	Defense Joint Military Pay System-Reserve Component
DMO	Defense Military Pay Office System
DOD	Department of Defense
EC	Evaluation Criteria
FCP	Forward Compatible Payroll
FLPP	Foreign Language Proficiency Pay
GAO	Government Accountability Office
JUMPS- Army	Joint Uniform Military Pay System-Active Army
JUMPS-RC	Joint Uniform Military Pay System-Reserve Components- Army
JUSTIS	JUMPS Standard Terminal Input System
LES	Leave and Earnings Statement
MCTFS	Marine Corps Total Force System
MMPA	Master Military Pay Account
OCONUS	Outside the Continental United States

QA	Quality Assurance
RC	Reserve Component
SIDPERS	Standard Installation Division Personnel Reporting System
SOP	Standard Operating Procedure
SRP	Soldier Readiness Processing
TCS	Temporary Change of Station
USMC	United States Marine Corps
USPFO	United States Property and Fiscal Office

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CHAPTER 1

INTRODUCTION

The Army has systematic failures in its pay systems. The current pay processes system and controls include error-prone manual transaction entries into multiple non-integrated systems that result in numerous over, under, and late payments to mobilized Army National Guard personnel (GAO 2003, 5). The Defense Integrated Military Human Resources System (DIMHRS) is supposed to address the problems that occur when Reserve Component (RC) Soldiers are called up to active duty and are lost in the system; this process coupled with inaccurate entries affect their pay, credit for service, and benefits (DIMHRS FAQs, 2009). Thus far, the Army has not been able to incorporate DIMHRS and its implementation remains uncertain at this point. Additionally, service data that is in the Army National Guard or Reserve systems often is not recognized in the active duty pay systems when these RC Soldiers become Active Guard Reserve (AGR) members or are deployed; this leads to discrepancies in pay and credited service for these members.

Background

The Army has tried to improve its military pay system since the creation of the U.S. Army Finance Corps in June 16, 1775, when the Second Continental Congress appointed a Paymaster General of the Army (History of the Finance Corps, 2009). During World War II, the mission of paying military personnel became more difficult since the government provided service members extra benefits such as family allotments, overseas service pay, hazardous duty for flying or parachute jumping, often paying in foreign

currency (Grossman 1958, 3). Due to these complexities and pressure, the Army ensured that an adequate pay system was developed. Therefore, after the Korean War, the Finance Corps introduced a new Pay Voucher System.

Today, the Army is striving to improve its military pay system because of the many problems and inefficiencies in the current system. The Army intended to introduce the Defense Integrated Military Human Resources System (DIMHRS) for personnel and pay in March 2009. This all-Service, all-Component, military personnel and pay system is meant to fully integrate and support military personnel throughout their careers and into retirement, both during peacetime and war (DIMHRS FAQs, 2009). This would be a marked improvement over the current system. However, DIMHRS has failed to launch to this day, and its current introduction status remains uncertain at this point. Therefore, the Army continues to seek improvement in its current military pay system, namely the Defense Joint Military Pay System (DJMS).

The DJMS is a cumbersome and fragile system that has been in service since the 1970s and it requires “labor-intensive workarounds” (Burlas 2004). Currently, the Defense Finance and Accounting Service (DFAS) uses two separate payroll systems for active and reserve pay in the Army, Navy, and Air Force. The two systems are the Defense Joint Military Pay System (DJMS)-Active Component (AC) and DJMS- Reserve Component (RC). DJMS-RC pay Reserve and Guard members for monthly drill pay and it requires input from the Soldier’s unit to “certify drill attendance” on a monthly basis to initiate payment (U.S. Congress 2004, 2). Since DJMS-RC was designed to pay Soldiers on a monthly basis and for short periods of active duty, for example, during periods of annual training (AT) that are less than 30 days, it has been overloaded by current

operational tempo. DFAS officials recognize that with Army Guard members deployed for extended periods and still paid by DJMS-RC, the system is stretched to its limits and “workarounds” have been developed to compensate for the program’s limitations (GAO 2003, 5).

During Operations Desert Shield and Desert Storm, the U.S. Government Accountability Office (GAO) reported millions of dollars in overpayments and other problems associated with payroll to the Army as military personnel returned from these military operations. A key factor that contributed to the improper payments discovered in the 1993 report was the large number of Soldiers being paid from the Army’s active duty payroll system, DJMS-AC (GAO 2003, 1). Based on this study, in 1995 the Army decided to process pays to mobilized Army Guard Soldiers from DJMS-RC system rather than the active Army payroll system. Nevertheless, significant pay problems continue to affect Army National Guard service members in support of the Global War on Terror (GWOT) or Overseas Contingency Operation (OCO). Pay problems consisting of over, under, and late payments that totals over one million dollars in errors have been discovered in a more recent GAO investigation. These pay errors have affected hundreds, possibly thousands of service members and their families.

In order to improve military pay systems, Army record keeping, and expenditures, the National Security Act Amendments of 1949 give statutory existence to controllership concepts and functions in the military. Comptrollers are made responsible for the preparation of budget estimates; budgeting control; fiscal, cost, and property accounting; disbursing and receiving cash; statistical and progress reporting; and internal auditing (The Staff, Internal Audit Branch 1986, 304). The Office of the Comptroller of the Army

is charged with the responsibility for carrying out all the auditing functions of the Comptroller. Currently, the Army conducts internal auditing, which is an independent appraisal activity within the organization for review of accounting, financial, and other operations as a basis for protective and constructive services to management (The Staff, Internal Audit Branch 1986, 304). The purpose of this research is to recommend ways to improve military disbursement. This research will explore the question of whether the current processes and prevention mechanisms used are efficient in order to solve current pay problems.

Primary Research Question

Are there discrepancies between regulations and actual practices in the mobilization pay process of the Army National Guard?

Secondary Research Questions

These questions will serve as a basis to answer the primary question:

1. Are there ways that the Army National Guard can reduce pay problems with its current pay system?
2. What mechanisms are in place to identify and correct problems with pay?
3. Can frequent and well-developed audits correct deficiencies associated with pay?
4. How frequently does the Active Component conduct audits compared to the Army National Guard, Reserve or Sister Services?
5. Can audits that are more frequent prevent Soldiers from being incorrectly paid?
6. What do Army Comptrollers believe is a reasonable error percentage?

7. What are the main reasons Soldiers have been incorrectly paid?
8. What percentage of pay problems arise at the time when an Army National Guard Soldier goes from Title 32 to Title 10 and back to Title 32 duty status?

Significance

Army National Guard and Reserve component Soldiers have had pay problems once activated to deploy in support of operations. Additionally, AGR members have also had problems with pay and computation of service when they transfer from serving as part-time members of the Guard and Reserve into active duty (AD) or the Active Guard Reserve (AGR) program. From the researcher's experience and investigation, it is apparent that there is a standardization problem between the Guard, Reserve, and AD component current pay systems and its quality control process. This study intends to expose the main problem(s) between these systems and the quality control processes and determine if the current procedures can remedy the issue(s) associated to military pay.

Assumptions

The data used in case studies and information gathered as a result from interviews of the Army, Army National Guard, Army Reserve, and Sister Service military pay facilities are accurate. The results of case studies and information gathered in the interview process must be accepted as fact to conduct comparative analysis and draw conclusions. Additionally, it may be assumed that military pay problems will continue. The current pay problems will not be resolved any time soon, specifically; these will not be resolved within the timeframe of this study.

Definitions

The following terms will be used throughout the study:

Internal Controls: The plan of organization and all methods and measures adopted within an agency to safeguard its resources; ensure the accuracy and reliability of its information; ensure adherence to laws, regulations, and policies to promote operational economy and efficiency (Department of the Army 1988, 7).

Pay Problem: For the purpose of this study, pay problem will be defined as an overpayment, an underpayment, or delay in pay that affects a Soldier. Pay problems can be in terms of either pays or allowances. Pays; basic pay, hazardous duty pay, jump pay, High Altitude Low Opening (HALO) pay, special duty assignment pay, Foreign Language Proficiency Pay (FLPP), diving duty pay, hardship duty pay, hostile fire/imminent danger pay. Allowances; Basic Allowance for Housing (BAH), Cost of Living Allowance (COLA), basic allowance for subsistence, family separation allowance.

Limitations

A limitation will be the limited number of studies conducted in the subject of pay problems that have occurred within today's systems using an auditing approach. There is extensive documentation on the topic to include some case studies, but few examine the use of audits as a method to attempt to remedy some of the financial problems. The thesis will attempt to collect the data available from audits in different military pay facilities and make comparisons.

Delimitations

For the purpose of this study, the researcher will explore only pay problems that result at no apparent fault of the Soldiers involved. The researcher will not investigate pay problems that may appear to be deliberate in nature or because of individuals attempting to abuse the system to defraud the government.

Additionally, the author will limit the research to the Army National Guard. The author will not address the other Reserve components as part of this investigation other than for comparison purposes.

CHAPTER 2

LITERATURE REVIEW

The current literature trend in military pay supports that pay problems such as overpayments, underpayments, or pay tardiness will likely continue. The reason for this literature review is to point out other inputs from previous studies and describe the relationship to this study. Additionally, the author will attempt to identify any gaps between regulations and actual practices. In order to facilitate this research, this literature review is divided into four areas: (1) Government Accountability Office (GAO) Reports and Comptroller Decisions, (2) Periodicals and Online News, (3) Army Regulations, and (4) Military Pay Facilities and Civilian References. Even though there are a few case studies written on the inherent pay problems of today's military pay system, none follows a line of investigation to see if internal controls efficiently implemented can reduce financial hardships into the future.

GAO Reports and Comptroller Decisions

The U.S. Army and the U.S. Government Accountability Office (GAO) have been aware of these pay problems since Operation Desert Storm. In 1993, the GAO reported millions of dollars in overpayments and other problems associated with payroll payments to the Army as Soldiers returned from Operations Desert Storm and Desert Shield back in 1992 (GAO 2003, 1). During that 1993 GAO audit, they pointed out that a significant factor that contributed to the improper payments was the large amount of Army Guard personnel mobilized to active duty being paid under the Army's active duty payroll system. In an attempt to correct this situation, the Army decided in 1995 to retain Reserve

and Guard Soldiers on the reserve pay system in the future and with the Defense Finance and Accounting Service's (DFAS) concurrence, this business practice remains in effect today (U.S. Congress 2004, 3). Nevertheless, the GAO identifies problems in the current processes and controls which result in over, under, and late payments to mobilized Army Guard Soldiers in more recent reports. Moreover, they foresee that with the ongoing missions associated with the Global War on Terrorism (GWOT) and the increased demand on Reservists to support these Overseas Contingency Operation (OCO) missions, the pay issues will likely continue.

The GAO website, where the preponderance of information is found, includes both current and historical documentation in the subject. In a recent case study, the GAO reported that the pay process is not well understood and different mistakes are consistently being applied, which potentially involves hundreds of Department of Defense (DOD), Army, and Army Guard organizations and thousands of personnel. Some inconsistencies reported included actions required to make timely, accurate payments to mobilized Soldiers, and which organization is responsible for taking the required action (GAO 2003, 20).

The sad part of all this error-prone process is that most Soldiers themselves have to pay back some or all of this money to the government in the form of what is called "indebtedness to the U.S. Government." Some indebtedness can result in a few hundred dollars, while others are stuck with paying back thousands of dollars thus affecting service members and their families financially and emotionally. In the research process, the author has reviewed decisions made by the Comptroller General of the U.S. Most of

the decisions favor the government because under the authority of 10 U.S.C. Sec. 2774, states that:

A claim arising out of erroneous payments of pay and certain allowances made to or on behalf of members or former members of the uniformed services may be waived if collection would be against equity and good conscience and not in the best interest of the United States. This authority may not be exercised if there exists, in connection with the claim, an indication of fraud, misrepresentation, fault, or lack of good faith on the part of the member or any other person having an interest in obtaining a waiver of the claim. (Comptroller General of the U.S. 1978, 2)

If the member requests a waiver of debt, the standard practice employed by the Comptroller General of the U.S. is to determine whether a reasonable person should have been aware that he or she was receiving payments in excess of their proper entitlements. The word fault, as used in 10 U.S.C. Sec. 2774, has been interpreted as including something more than a proven overt act or omission by the service member. Therefore, the Comptroller considers the word fault to exist if under the circumstances it is determined that the member should have known that an error existed and should have taken action to correct it (Comptroller General of the U.S. 1978, 2). For this reason, most decisions made favored the U.S. Government over Soldiers who had submitted a waiver of debt.

Periodicals and Online News

The continuous problems related to military pay have not escaped periodicals and the media. The *Washington Post* announced that the Army had identified at least 331 Soldiers who have been hit with military debt after being wounded at war (St. George 2005). The news analysis broke out as the recent wars in Afghanistan and Iraq produced more troops returning home wounded since the war in Vietnam. Several lawmakers

scrambled to help these wounded warriors, most Reservists, whose debts have amounted to the thousands. In the article, Republican Representative and chair of the House Committee on Government Reform, Thomas M. Davis III, who has been working the military pay issue declared the situation as being “awful,” and called the failure systematic, adding that “Pay problems have been an embarrassment all the way through the war” (St. George 2005).

Perhaps due to political pressure, the Army said they are in the process of forgiving debts for 99 of the 331 wounded Soldiers who all are out of the military now (St. George 2005); this accounts for only 30 percent. The other cases identified have not been resolved due to “complex” laws and regulations that govern the cancellation of debts once Soldiers leave the service. This is just another reason why the problems related to military pay are likely to continue plaguing our service members.

Moreover, according to reports, no one can determine for sure how many troops have pay problems across all branches of the military. However, GAO studies have found that in certain Army National Guard and Reserve units, more than 90 percent of Soldiers have had at least one overpayment or underpayment during deployment to Iraq or Afghanistan (St. George 2005). What is worse, the Army cannot determine the full number of wounded Reserve members with debts who are still on active-duty. According to Representative Todd R. Platts, “We’ve so mismanaged their pay that . . . we’ve sent debt notices while there’re still in combat, in harm’s way.” He continued to say that hounding wounded troops is “unfathomable,” and he expressed that “For even for a single Soldier, this is unacceptable” (St. George 2005). Additionally, the *Washington Post* article accurately identifies the main cause of the problem to be the outdated

Department of Defense computer system, as previously mentioned. Defense Joint Military Pay System (DJMS) does not automatically link pay and personnel records, which creates pay errors thus overpayments become debts.

Triad online, a Ft. McCoy, Wisconsin Army wide news outlet and the U.S. Army's Warrant Officer Association Military Association Internet Exclusive news, both reported in 2004 that a new military pay system was ready to be incorporated in an attempt to fix Reserve pay issues. According to reports, the new system called Forward Compatible Payroll (FCP) should make pay for mobilized Army Reserve and National Guard Soldiers more timely and accurate. FCP promises fewer errors, an easy to understand Leave and Earnings Statement (LES) for service members, and instantaneous adjustments to pay records (Philpott 2004). Furthermore, FCP will eliminate the need for 95 percent of current workarounds required in the existing DJMS payroll system.

With DJMS, if Congress approves a new pay feature such as Assignment Incentive Pay, it takes an average of 12 to 18 months to automate such payments; some pay entitlements such as medical bonuses cannot be programmed (Philpott 2004). The DJMS is so old and inadequate that when states change their tax rate, DJMS has to be re-programmed which can take 12 to 18 months (Philpott 2004). This is why a high number of service members receive corrected Wage Earning Statement W-2s from the Defense Finance and Accounting Service (DFAS) every year. For example, during the first half of 2004, 2.7 percent of service members received corrected W-2s for their 2003 tax years, therefore, thousands of early tax filers had to submit corrected tax returns (Philpott 2004).

On the other hand, FCP will use an existing commercial tax package and a much user-friendly Windows-based application program. With this commercial tax package,

contracted users are obligated to keep up to date with the latest state tax laws to allow timely recalculations of member tax liabilities (Philpott 2004). Moreover, FCP will conduct around the clock record updates versus “nightly batch updates” under DJMS. In essence, this means that records are in a pay ready status at all times whether updated by pay specialists or by members using the web-based MyPay tool to change addresses, allotments or other pay features. Reservists activated for more than 30 days will be able to use MyPay to make payroll allotments. This would be a marked improvement over the current system that would ultimately benefit all service members.

However, FCP was not designated to link with the personnel system. This means that unit administrators or personnel offices would still need to inform the finance system when a personnel action affects a member’s pay, such as promotion or deployment to a hazardous location (Burlas 2004). The Defense Integrated Military Human Resources System (DIMHRS) is supposed to make that link and integrate pay and personnel functions into one system. FCP was intended as an interim solution to help resolve immediate payroll problems with DJMS where DIMHRS is the long-term ultimate fix (U.S. Congress 2004, 3).

In a testimony before the U.S. House of Representatives in regards to pay problems in the Army Reserves, Mr. Patrick Shine, Director of Military and Civilian Pay Services states that “FCP eliminates the problem of having the separate DJMS-AC and DJMS-RC systems; under FCP, active and Reserve component Soldiers will be on the same system” (U.S. Congress 2004, 3). FCP implementation was scheduled in the spring of 2005. However, in a follow-on testimony before the House of Government Reform Committee about the persistent military pay problems associated with the Reserves, the

FCP system was cancelled because it was not an interim solution but a duplicate of systems to DIMHRS (U.S. Congress 2006, 2). In addition, FCP was already over cost, behind schedule, and with minimum chances of reaching the desired levels of performance. The Army has been trying unsuccessfully to modernize the system since the mid 1990s, therefore, it can be determined that military pay problems will continue.

Army Regulations

U.S. Army Regulations like AR 11-37, *Army Finance and Accounting Quality Assurance Program*, provides policy guidance, responsibilities, procedures, and reporting requirements of the Army Finance and Accounting Quality Assurance (QA) Program. This regulation establishes guidelines for implementation of the QA Program at all Army levels. The QA Program is designed to improve Army financial operations and detect, deter, and prevent fraud and waste (Department of the Army 1988, 1). This regulation focuses on those internal controls to tighten financial management practices and establish effective cash management programs by emphasizing command involvement. Therefore, this regulation will serve as a base to determine how closely military pay facilities are following the applicable guidelines.

NGR 130-6/ANGI 36-1, *U.S. Property and Fiscal Officer Appointment, Duties, and Responsibilities* stipulates appointment, mission, and duties, responsibilities, and personnel administration of the United States Property and Fiscal Officers (USPFO) for all States and territories of the U.S. In addition, this regulation provides for additional duties and authorizes assistants for the USPFO. It also clarifies the mission of the USPFO. This regulation will allow the author to verify how closely USPFOs and its establishments are following the applicable guiding principles.

Furthermore, the CA ARNG 11-7/CA ANGR 11-02, *California National Guard Internal Review Program* is a regulation that implements policy at the state level and supplements AR 11-7 and NGR 130-6/ANGR 11-02. This State regulation authorizes personnel of the Internal Review Division access to all information considered essential for audits. The Internal Review Division conducts full scope audits, quick-reaction audits, consulting and advisory services of California National Guard (CNG) programs to ensure and promote effective and efficient use of federal resources (Office of the Adjutant General for California 1995, 2). The authorization provided by this regulation applies to all organizations, programs, activities, and functions of the CNG. This California State regulation will allow the author to verify how closely the Internal Review Division follows the guidelines when conducting and executing their annual Internal Review Program.

Military Pay Facilities and Civilian References

The researcher has made contact with the Fort Leavenworth, Kansas, Military Pay Office Director, Sharon K. Schroeder and Military Pay Technician of Reserve and Army National Guard (ARNG) Soldiers, Susan Starkey for interviews and data collection. Furthermore, the researcher knows key leaders in the U.S. Property and Fiscal Office (USPFO) for California with whom interviews will be conducted to gather data. The researcher also plans to consult with administrative pay departments from the United States Marine Corps (USMC) to draw comparisons. Moreover, in the civilian sector, there are a number of articles on the proper use of audits, and its pros and cons; the majority of these can be found in business journals. The study may provide certain

contributions to the researcher's duty station of origin, the California Army National Guard, and the state's USPFO.

CHAPTER 3

RESEARCH METHODOLOGY

The research methods used in this study will rely on existing case studies from the U.S. Government Accountability Office (GAO), historical cases such as Comptroller decisions, periodicals and online news, and Army regulations. These documentary sources will serve to answer the secondary research questions for the thesis. The author will try to determine best practices through qualitative analysis and observation on how the Army National Guard can determine pay problems. Moreover, the researcher will develop evaluation criteria to determine pay problems in the current progression of a Soldier going on a deployment during all three stages of the mobilization process; mobilization, deployment, and demobilization.

In order to draw comparison, the author developed evaluation criteria to facilitate the qualitative analysis. Through this approach, evidence evaluated and theories or courses of action can be devised. The author used an inverted grade point average scale as a benchmark. Table 1 is the criterion used in this study.

Table 1. The Evaluation Criteria (EC) Used

EC	Definition	Bench Mark
Mobilization	Initial mobilization, primarily when ARNG Soldiers go through the Soldier Readiness Processing (SRP) and transitions from Title 32 to Title 10 duty status.	0% ≤ 59%= Optimal 60% ≤ 69%= Moderate 70% ≤ 100%= Catastrophic
Deployment	Includes carrying out the assigned mission while on active duty under Title 10.	0% ≤ 59%= Optimal 60% ≤ 69%= Moderate 70% ≤ 100%= Catastrophic
Demobilization	Soldier returns from Outside Continental U.S. (OCONUS) to Continental United States (CONUS) for redeployment; transitions from Title 10 back to Title 32.	0% ≤ 59%= Optimal 60% ≤ 69%= Moderate 70% ≤ 100%= Catastrophic

Source: Created by Author.

In addition to the criterion above, categories of pay problems tied to a monetary value will be established. This will facilitate a model as a basis for current or future pay problems when implemented. The author devised a similar pattern to that used in the U.S. Army Safety Center that links monetary value to classes of accidents. Table 2 is the classes of pay problems model.

Table 2. The Classes of Pay Problems

Classes of pay problems	Definition
Class A pay problem	A DOD pay problem which results in an overpayment, underpayment or late payment (over 30 days) to a unit(s) or individual(s) in excess of \$1,000,000.
Class B pay problem	A DOD pay problem which results in an overpayment, underpayment or late payment (over 30 days) to a unit(s) or individual(s) of \$200,000 or more but less than \$1,000,000.
Class C pay problem	A DOD pay problem which results in an overpayment, underpayment or late payment (over 30 days) to a unit(s) or individual(s) of \$10,000 or more but less than \$200,000.
Class D pay problem	A DOD pay problem which results in an overpayment, underpayment or late payment (over 30 days) to a unit(s) or individual(s) of \$2,000 or more but less than \$10,000.

Source: Created by author.

Figure 1 provides the three key phases associated with starting and stopping pays and allowances for mobilized Army National Guardsmen: (1) Initial mobilization (primarily through the Soldier Readiness Processing), (2) Deployment, which includes carrying out assigned mission operations while on active duty, and (3) Demobilization.

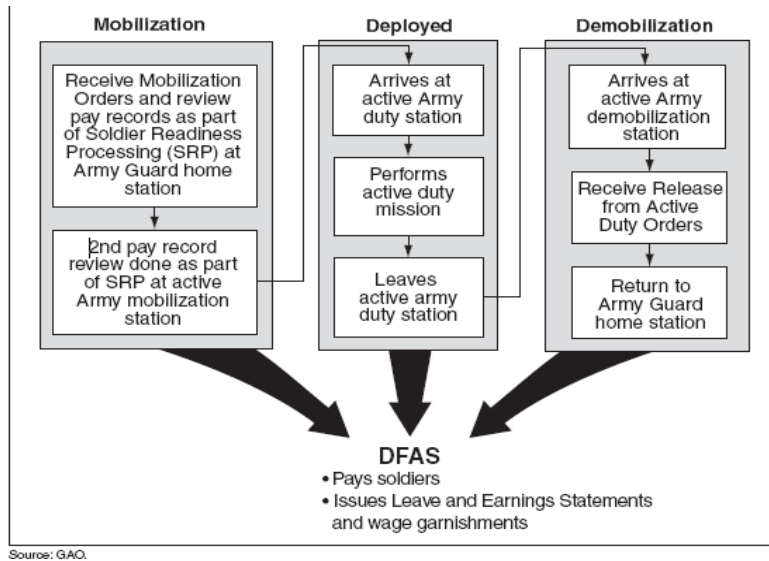


Figure 1. Three Key Phases for Active Duty Pays to Army Guard Soldiers
 Source: Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

The researcher will analyze the existing data in a GAO study in graphic representation. This form of illustration will allow the researcher to determine at what stage of the mobilization process the pay problem develops and what types of pay problems routinely exist in these phases. Furthermore, the author will try to show the number of Soldiers affected at different stages in the process of mobilization. The GAO case study used six different Army National Guard units from different states during each of their respective mobilizations. The sum total of the Soldiers in this case study was 481. Through illustrative means, the author intends to determine why the Guard has the pay problems it has through the process. During this process, the researcher will attempt to conclude if there is a connection when an Army National Guard Soldiers goes from Title 32 to Title 10 duty status thus resulting in pay problems.

Furthermore, the researcher will conduct a series of interviews at different military facilities to confirm or deny information and to draw comparisons on best practices between different organizations. The researcher will attempt to determine what mechanisms are currently in place to identify and mitigate pay problems in the Army's military pay facilities. The researcher will attempt to look into the different quality assurance programs in place to identify and correct problems in military pay. This will determine if there is an effective system currently in place to reduce errors in military pay or if these problems are identified after the fact.

Table 3 will be used to identify current procedures used by different services to reduce or prevent pay problems. The table will also give a brief description of the definition and its purpose. Moreover, the table will identify the frequency in which the services employ their means to reduce or prevent pay problems. The table will be crosschecked to the number of errors for the different services.

Table 3. What Mechanisms Are Currently in Place to Identify and Correct Pay Problems?

Branch	Mechanism(s)	Purpose and definition	Frequency
U.S. Army			
ARNG			
Reserve			
USMC			

Source: Created by author.

Through the above-mentioned approach, the relevance of the thesis subject has been thoroughly examined. Additionally, the known areas have been discussed in the

literature review and the scope and methodology has been reviewed. The following chapter will provide the results and analysis of the argument.

CHAPTER 4

ANALYSIS

The purpose of this chapter is to describe findings and to present a qualitative analysis of the thesis. An observation approach will be used through each mobilization phase of the Army National Guard (ARNG) to determine any deficiencies between regulations and actual practices in the mobilization pay process. First, a detailed description of each mobilization phase and its current pay processes will be presented. These phases are initial mobilization, deployment, and demobilization. Second, upon review of these phases, the number of pay problems by phase and at what point during this process these problems occur will be detailed. Third, the most common types of pay errors made, the patterns shown, and their dollar value will be discussed. In addition, a comparison will be made to the Army Reserve's military pay process.

Furthermore, the author will present his and other Soldier's personal pay problem experiences in relation to the thesis topic. Additionally, differences of internal controls conducted amongst the various Armed Forces will be described. Finally, a review of the frequency that different services conduct their quality assurance programs will be presented. With the aforementioned topics of analysis, the author will determine gaps between regulations and actual practices in the mobilization pay process. A detailed analysis of the current pay process for each mobilization phase follows.

The ARNG Mobilization Pay Process

The existing pay process for ARNG Soldiers has evolved over time into a cumbersome and complex procedure. Few, if any, in the pay departments fully

understand its breadth, scope, and weaknesses (GAO 2003, 3). For this reason, this study will present regulatory deficiencies and actual practices in the mobilization pay process. In this course, the examination of three phases of initial mobilization, deployment, and demobilization and its components will show a way to understand better the scope of complexity of the mobilization process.

There are five computer systems involved in authorizing, entering, and processing active duty pays to mobilized ARNG Soldiers through the three key phases of their mobilization:

1. Automated Fund Control Order System (AFCOS), the Army's standard order writing system;

2. Standard Installation Division Personnel Reporting System (SIDPERS), the Army Guard's personnel system;

3. JUMPS Standard Terminal Input System (JUSTIS), the Army Guard's pay input system;

4. Defense Military Pay Office System (DMO), Active Army's pay input system;

and

5. Defense Joint Military Pay System-Reserve Component (DJMS-RC), Defense Finance and Accounting Service's (DFAS) Army Guard and Reserve pay system.

The Army made the decision to process pays to mobilized ARNG Soldiers from the DJMS-RC system rather than the active Army payroll system used previously to pay mobilized ARNG Soldiers. This decision was made after a 1993 Government Accountability Office (GAO) report discovered millions of dollars in overpayments to returning Operation Desert Storm ARNG veterans who were paid under the active duty

payroll system (GAO 2003, 36). Then Deputy Director of DFAS, Brigadier General Jan D. Eakle testified before the Subcommittee on Military Personnel for the Armed Services, United States House of Representatives that this decision was made as an interim basis pending the adaptation to a new single system to pay both active Army and Reserve Component (RC) Soldiers (U.S. Congress 2005, 3). Although this 1995 decision was intended to be temporary, this practice is still performed today in the Army's military pay process for mobilized RC Soldiers. This decision was based on the premise that DJMS-RC provides the best service to RC Soldiers (GAO 2003, 14).

In service since the 1970s, DJMS-RC is a large, complex, and sensitive payroll computer system used to pay Army and Air National Guard and Army and Air Force Reserve personnel (GAO 2003, 14). DFAS has primary responsibility for developing guidance and managing operations of the system. As the central site for all Army military pay, DFAS Indianapolis is responsible for maintaining over 1 million Master Military Pay Accounts (MMPAs) for the Army (GAO 2003, 14). Each MMPA contains the individual Soldier's pay related personnel entitlement information and serves as the central pay record repository in DJMS-RC (GAO 2003, 14).

Additionally, any changes in pays and allowances are reflected in every Soldier's MMPA. All pay transactions entered into DJMS-RC, through JUSTIS, and DMO, updates the MMPA (GAO 2003, 14). The data enclosed in the MMPA is generated from SIDPERS, which is a personnel database kept and used by the Army National Guard's 54 state level military personnel offices (MILPO) to capture data related to personnel actions, e.g. promotions, demotions, discharges, and dependent documentation that will impact a Soldiers' pay and allowances (GAO 2003, 14).

DFAS Denver's Technical Support Office designs and maintains the DJMS-RC pay software; its responsibilities include designing, developing, and maintaining customer requirements in the area of military and civilian pay services (GAO 2003, 15). On the other hand, DFAS Indianapolis monitors the uploading of the "daily status" of data into DJMS-RC, ensuring that all transactions are received and processed in the system (GAO 2003, 15). Those who use DJMS-RC, typically military pay offices and the United States Property and Fiscal Offices (USPFO), can sign in to the system directly through online interactive software used for file transfer transactions, online queries of MMPAs, and downloads of data files, in addition to various DJMS-RC reports (GAO 2003, 15).

JUSTIS is the third computer system on the list used for pay inputs and processing. To update DJMS-RC, the Army Guard's 54 state level commands to include the USPFOs use JUSTIS as the pay input subsystem. The database management of JUSTIS is decentralized in nature where each of the 54 locations possess and care for its own JUSTIS database maintenance (GAO 2003, 15). The JUSTIS database subsystem processes transactions for submission to DJMS-RC to create payments for ARNG Soldiers. JUSTIS receives personnel data from SIDPERS that can affect pay and allowances to Soldiers. In addition, JUSTIS often receives some data reflected on mobilization orders directly from AFCOS, the first computer system on the list. Even though these two computer systems share the same operating system and certain database tables, data must be manually entered into JUSTIS from hard copy mobilization orders to create pay transactions associated with active duty pay and allowances, which adds on to the complex error prone process (GAO 2003, 15).

The active Army finance offices and Department of Defense (DOD) military pay offices, to include those outside the continental United States (OCONUS) in locations such as Europe, Korea, and Iraq, use DMO, a pay input subsystem, to update DJMS-RC (GAO 2003, 15). Active Army finance offices can use the DMO subsystem to create transactions for pay and allowances not reported at the time of mobilization for input into DJMS-RC. Additionally, active Army finance offices uses this subsystem to enter pay and allowances based on location such as hostile fire, hardship duty, and combat zone tax exclusion pays. Following is an overview of how these computer systems are involved and a detailed account of the mobilization process by each of its phases.

Initial Mobilization Phase

The initial mobilization for ARNG members begins when their units receive an alert order as they start preparation to go through a Soldier Readiness Processing (SRP). During the SRP, one U.S. Property and Fiscal Office (USPFO) of the fifty states and four territories (District of Columbia, Guam, Virgin Islands, and Puerto Rico) conducts the finance portion of the process (GAO 2003, 12). The USPFO verifies the accuracy of pay records for each Soldier and makes necessary changes to pay records based on supporting documentation provided for the pay and allowances entitled to the Soldier when initially mobilized. If the Soldier does not bring the documentation, e.g., marriage and birth certificates for dependents, the service member has a few days to get these documents (GAO 2003, 12). The unit commander, typically a company commander, is responsible for ensuring the current status of all personnel data for each Soldier under their command.

Furthermore, during the initial mobilization phase each unit receives Temporary Change of Station (TCS) orders. However, Soldiers who join the unit as individual augmentee or Individual Ready Reserves (IRR) for the mobilization receives individual TCS orders. TCS is the status of Soldiers who are deployed away from their home stations to support a contingency operation (Army News Service 2007). With exception to combat zones or qualified hazardous duty areas, TCS orders are typically issued for periods of 180 days or less, unless a waiver is granted. Being on TCS orders entitles Soldiers to lodging and per diem reimbursements, in addition to their normal housing allowance (Army News Service 2007). TCS orders are in addition to individual mobilization orders adding to the complicated pay process.

When the unit receives mobilization orders, USPFO pay technicians initiate basic pay allowances by manual inputs of the active duty start and stop dates that appear on each Soldier's mobilization order into DJMS-RC (GAO 2003, 12). These Army Guard pay technicians then use JUSTIS to access and record data into DJMS-RC. By entering the Soldier's Social Security number and mobilization order into JUSTIS, the pay technician can view the pay data in DJMS-RC and enter any missing data supported by documentation provided by the Soldier (GAO 2003, 12). If done correctly, Soldiers will start to receive basic pay, Basic Allowance for Housing (BAH), basic allowance for subsistence, and specialty pay based on the start date entered into DJMS-RC (GAO 2003, 13); later, data will show that this step is not always done properly.

Figure 2 describes the pay steps during initial mobilization for ARNG Soldiers. It also shows the input process during initial mobilization of the five computer systems

involved in authorizing, entering, and processing active duty pays to mobilized ARNG Soldiers as previously mentioned.

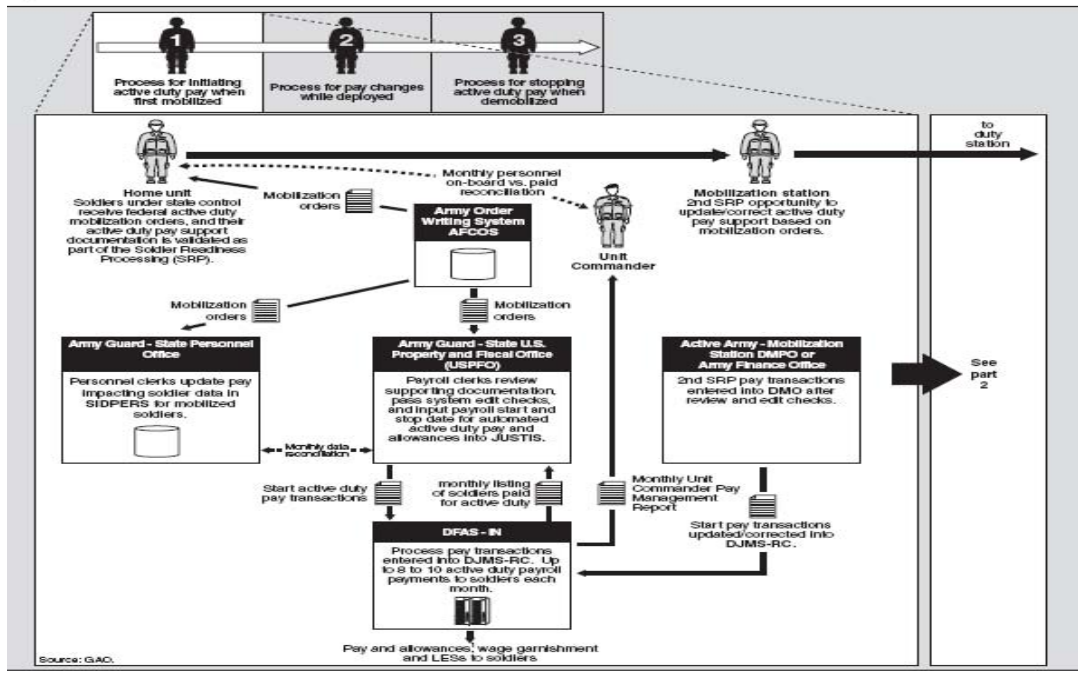


Figure 2. Initial Mobilization Phase Process

Source: Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

The Soldier's USPFO is also responsible for non-automated pays that require a monthly input into DJMS-RC during the entire mobilization. According to the Finance Mobilization and Demobilization Standing Operating Procedure (SOP), USPFO's should establish internal controls to ensure that monthly input is performed in a timely and efficient manner for all non-automated pays (Army Forces Command 2005, 27). Non-automated pays and allowances include Parachute High Altitude Low Opening (HALO),

Continental United States (CONUS) Cost of Living Allowance (COLA), Special Duty Assignment Pay (SDAP), and Foreign Language Proficiency Pay (FLPP) among others. Supporting data will show that the internal controls needed to ensure that these monthly inputs occur are not properly applied.

After initial SRP, Soldiers receive individual mobilization orders and the unit travels to a mobilization station to conduct yet another SRP. In this second SRP, typically at an active duty post, the mobilization station personnel review and make necessary corrections to each Soldier's records. These mobilization pay technicians are required to commence any pay and allowances not initiated during the first SRP and enter appropriate changes into DJMS-RC (GAO 2003, 13). At the end of this process, the mobilization station commander certifies that the readiness of the unit for mobilization and that all authorized active duty pays are in place for the Soldiers in the unit.

Upon these inputs, DJMS-RC generates certain pays and allowances automatically for each 2-week pay period, typically the 15th and 30th of the month, until entering the stop date into the system (GAO 2003, 13). If entered properly, the stop date in DJMS-RC will show the end of the active duty tour as reflected in the Soldier's mobilization order. This process intends to prevent erroneous payments beyond the Soldier's authorized duty status.

However, human intervention is required when a pay or allowance error is detected or an event occurs that requires a change in the Soldier's pay, for example, a change in dependent status like marriage or divorce, a promotion, or a Soldier being separated before the active duty tour ends (GAO 2003, 13). Supporting documents that demonstrate these changes must reach SIDPERS input for monthly data reconciliation

before payment (see figure 2); this allows for validity of the pay and personnel match. This study will demonstrate in the pay problem section during initial mobilization how these events can change or terminate some pays and allowances a Soldier would be entitled to receive when not performed correctly.

Deployed Phase

When ARNG members deploy on active duty, several Army Guard USPFO, active Army stations, and Defense Financing and Accounting Service (DFAS) components are involved in paying these mobilized Soldiers. The active Army servicing finance office, located within CONUS or OCONUS, is responsible for initiating pays earned during the Soldier's deployment. These payments include hostile fire pay, hardship duty pay, and the combat zone tax exclusion while deployed. Upon arrival in a combat zone, pay technicians start these payments for each Soldier listed on the battle roster or flight manifest (GAO 2003, 13). Some types of pay are location based and inputted every month such as hardship duty pay, while hostile fire pay is automatically paid during each pay period.

The servicing finance office for the deployed phase falls under the jurisdiction of the active Army (GAO 2003, 14); it uses DMO to enter pay transactions into DJMS-RC (see figure 3).

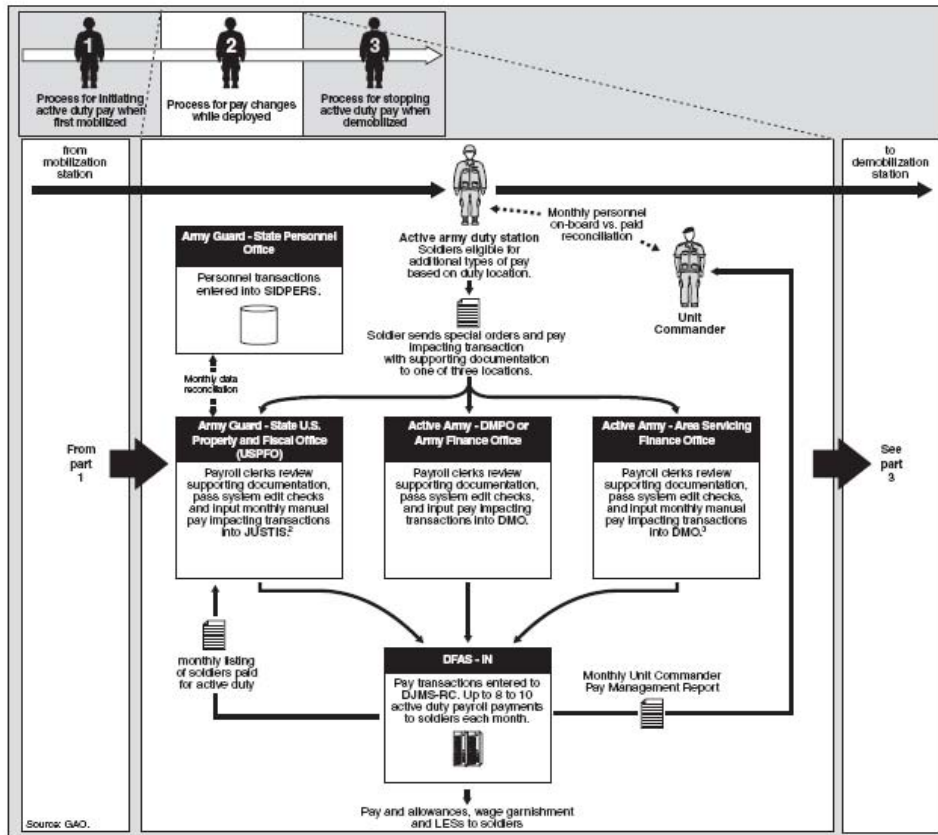


Figure 3. Deployed Phase Process

Source: Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

Additionally, in accordance with AR 37-104-4, chapter 33, Mobilization Procedures, Reserve Component (RC) Soldiers that are currently being paid by the Reserve pay system will remain on that system, DJMS-RC (Department of the Army 2005, 28). However, in the process of the investigation, the author discovered that this process is not being properly followed. In fact, RC Soldiers' mobilization orders sometimes reflect the opposite to access into DJMS-AC instead (see Appendix A, Orders A-03-907116). As it turned out in this case, the Soldier had to be accessed into DJMS-

AC regardless because of funding source; this is another example of discrepancy between regulations and practices due to the complicated nature in paying the RC Soldiers during mobilization.

Organizational responsibility is not clear during the deployed phase and existing policies and procedures are unclear in this regard. There seems to be confusion centered principally around pay processing responsibility for Army Guard Soldiers as they move from state control to federal control and back again (GAO 2003, 29). Under certain conditions, either an active Army pay servicing office or USPFOs can process certain pay-altering transactions during the deployed phase. While deployed to Iraq from June 2007 through May 2008 as the Personnel Officer, S-1 for an Army National Guard battalion, the author experienced this confusion first hand. Although the author had an active Army finance unit next to his office, because the unit was Army National Guard, pay issues like bonuses, promotions, and Basic Allowance for Housing (BAH) had to be dealt through the USPFO for California. Having a military pay office right next-door while deployed did not help as most of the coordination for military pay was done through CONUS with an eleven-hour time difference in between countries to manage such actions. Moreover, if a Soldier who joined the battalion as an individual augmentee from another state to deploy experienced any pay problems while deployed, coordination was made through that Soldier's originating state's USPFO.

Communication is vital between state Army Guard units, state command headquarters, and federal active Army finance locations at mobilization, demobilization stations, and servicing area finance offices. Written responsibility appears to be clear at

the initial mobilization and demobilization stations. The Finance Mobilization and Demobilization SOP for Soldier service standard mention that:

If you see a pay concern, you own it and you fix it. As Reserve Component Soldiers process through the designated mobilization and demobilization stations, the finance office servicing the Soldier at any given point will take ownership of the Soldier's pay inquiry immediately. That finance office will not refer the Soldier to his or her parent reserve unit or paying activity. Instead, the finance office will obtain the necessary information and documents, if applicable, from the Soldier and will update the pay account. Coordination with the Soldier's unit representative and parent paying office (either the USPFO for ARNG or the U.S. Army Reserve Pay Center (UPC) for USAR) is necessary to ensure timely changes or payments to the Soldier. The finance office will notify the Soldier and unit of completed action(s) within 72 working hours. (Army Forces Command 2005, 8)

However, existing procedural guidance does not provide for clear responsibility and accountability between USPFOs, active Army mobilization stations, and in-theater servicing finance offices for entering transactions while deployed (GAO 2003, 30). Again, the author experienced this confusion with the in-theater finance office, as sometimes USPFO for California would reverse some transactions that they did not initiate themselves. Another problem was that if both departments had taken action for a transaction, DFAS Indianapolis would get two requests for the same action and they would process neither. This lack of clear responsibility could be a factor related to the high amount of pay errors during the deployed phase. Later data will show in the deployed phase pay problem section that it is during this phase where the greatest amount of pay errors occurs. Upon review of the current pay process of the deployed phase, the pay process for the demobilization phase follows.

During this process, the supporting USPFO is responsible for stopping monthly input of all non-automated pays and allowances (GAO 2003, 14). According to the Finance Mobilization and Demobilization SOP, USPFO's should establish internal controls to ensure stoppage in a timely manner for all non-automated pays (Army Forces Command 2005, 50). Non-automated pays and allowances include HALO pay, CONUS COLA, SDAP, and FLPP among others.

Additionally, should the demobilization station fail to take action to return a Soldier to a demobilized status, the USPO is responsible. Following data will reflect that some pay and allowances are not turned-off during this phase thus resulting in pay problems. An overview of pay problems and an examination of the discrepancies by each of the mobilization phases are next.

Pay Problems

The current pay process for deployed ARNG Soldiers has led to numerous pay problems during their active duty service due to the extensive, cumbersome, and labor-intensive nature of the process. Although the previous discussion and figures 3, 4, and 5 provides an overview of the pay process, it does not fully capture the numbers of different Department of Defense (DOD) organizations and its components involved. When asked how many departments are involved in the pay process of a mobilized ARNG Soldiers during an interview with Susan Starkey, a Military Pay Technician at the military pay facility at Fort Leavenworth, Kansas, her response was "Wow! Well you have the state for the Guard, you have us for the Guard, you also have DFAS for the Guard, and any other dimple level . . . if the Soldier would happen to go in there, and if

they come in and have a problem, they can even input too. Anyone that has access to the RC system can input” (Starkey 2009).

Specifically, there are thousands of Army Guard individual units and state-level organizations, active Army, and DFAS components involved in authorizing, processing, and paying mobilized ARNG Soldiers (GAO 2003, 24). Some pay entities includes:

1. An estimated 2,300 local Army Guard home units, unit commanders, and unit administrators involved in maintaining up-to-date Soldier personnel and related pay records;

2. Fifty-four state-level Army Guard commands and USPFOs, both involved in authorizing and starting active duty pay transactions;

3. Active Army finance offices or DOD Military Pay Offices at over 15 mobilization stations across the United States involved in processing Army Guard personnel to and from their active duty locations;

4. Twenty-eight active Army area servicing finance offices at over 50 locations worldwide involved in servicing Army Guard Soldiers’ location based active duty pays;

5. DFAS-Indianapolis which is the central site for processing Army Guard Soldiers’ active duty pays;

6. DFAS-Denver, which is the central site for maintaining the pay system used to pay Army Guard Soldiers;

7. DFAS-Cleveland-the central site for handling Soldier military pay inquiries;

and

8. The Army National Guard Finance Services Center, the Army Guards' organization responsible for providing guidance, training, and oversight and coordination for active duty pays to Army Guard personnel (GAO 2003, 24).

Several of these organizations with key roles in payroll payments to mobilized Army Guard Soldiers have issued their own implementing regulations, policies, and procedures (GAO 2003, 24). Additionally, these burdensome policies and procedures contributed to the pay errors identified in a Government Accountability Office (GAO) case study. The case study used six different ARNG units from different states during each of their respective deployments. The sum total of the Soldiers in this case study was 481.

Out of the 481 Soldiers, 450 had at least one pay problem during the course of their deployment (GAO 2003, 3); this accounts for 93.6 percent of the total Soldiers mobilized which is catastrophic according to the evaluation criteria (EC) used in this study (see table 1). The total dollar amount of these pay problems have been estimated overpayments of \$691,000, underpayments of \$67,000, and late payments of \$245,000, all associated with the pay problems discovered during an eighteen-month period from October 1, 2001, through March 31, 2003 (GAO 2003, 18). According to the classes of pay problems devised in this thesis, this accounts for a Class B Pay Problem for overpayments, Class C Pay Problem for underpayments, Class B Pay Problem for late payments, and a Class A Pay Problem for the overall sum, which is in excess of \$1,000,000. Following is an analysis of the pay problems that these units encountered during each phase of their mobilization.

Pay Problems by Phase

During an audit conducted in 2003 by the U.S. Government Accountability Office (GAO), this inspection found significant pay problems for six Army National Guard (ARNG) units. This audit found problems related to processes, human capital, and pay systems (GAO 2003, 2). These areas were directly related to the pay problems in all six of the ARNG units which amounted to over one million dollars in errors. The pay problems included underpayments, overpayments, and late payments during each of their three phases of mobilization to active duty: initial mobilization, deployment, and demobilization phase.

The six units audited included three Special Forces and three military police units. These units each from different states, had distinctive missions, and deployed to various world locations to include Guantanamo Bay, Cuba, Afghanistan, Iraq, and two other CONUS locations during their mobilization periods. The total number of Soldiers for all six units is 481. The following graphic illustrates the amount of Soldiers with pay problems by phase.

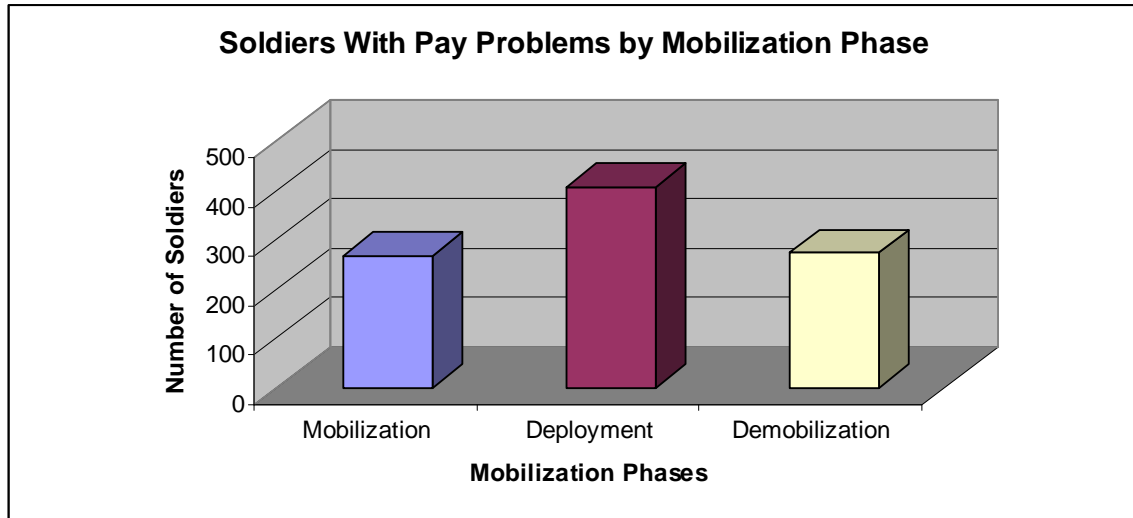


Figure 5. Soldiers with Pay Problems by Mobilization Phase

Source: Author's creation based on data from Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

It is important to note that Soldiers may have had a pay problem during the initial mobilization phase that may have continued through the deployed phase of their mobilization. However, these were only counted once during the phase in which they occurred. The total number of Soldiers that had at least one pay problem was 267 during the mobilization phase, 406 during the deployment phase, and 272 during the demobilization phase (see Figure 5, *Soldiers With Pay Problems by Mobilization Phase*). The single pay problem occurrences were divided into three categories; (1) Number of Soldiers who did not receive pay or allowance within 30 days of entitlement, (2) Number of Soldiers who were underpaid, and (3) Number of Soldiers who were overpaid (see Figure 6, *Types of Pay Discrepancies by Mobilization Phases*).

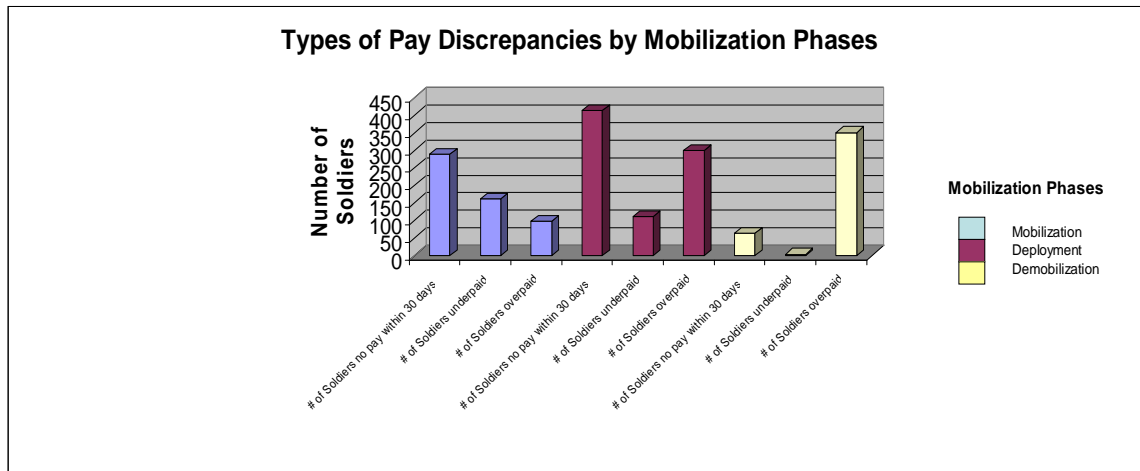


Figure 6. Types of pay discrepancies by mobilization phases
 Source: Author’s creation based on data from Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

A thorough analysis of the sum and types of pay problems encountered by these six units through each phase of mobilization follows.

Initial Mobilization Phase

The sum of Soldiers who had at least one pay problem during the initial mobilization phase was 267 out of 481 (see figure 5); this accounts for 55.5 percent of the total Soldiers mobilized which is optimal according to the EC used in this study. During this period, ARNG Soldiers transitions from Title 32 to a Title 10 duty status upon receipt of their mobilization orders. This period of mobilization is when ARNG Soldiers go through their initial Soldier Readiness Processing (SRP), conducted at the state of origin, and their second SRP, typically conducted at an active Army installation.

Furthermore, during this stage, it is important for Soldiers to bring the necessary supporting documentation at the SRP because this may affect their pay and allowances.

When analyzing the types of pay discrepancies during the mobilization phase, the number of Soldiers who did not receive pay or allowance within 30 days of entitlement is greatest with 289 out of 481. This accounts for 60 percent of the total Soldiers mobilized, which decreases the overall EC from optimal to moderate in this category (see figure 6 and Table 4, Number and Types of Pay Discrepancies by Mobilization Phase).

Table 4. Number and Types of Pay Discrepancies by Mobilization Phase

Type of pay or allowance	PH I= Mobilization			PH II= Deployment			PH III= Demobilization		
	# of Soldiers who did not receive pay or allowance within 30 days of entitlement	# of Soldiers who were underpaid	# of Soldiers who were overpaid	# of Soldiers who did not receive pay or allowance within 30 days of entitlement	# of Soldiers who were underpaid	# of Soldiers who were overpaid	# of Soldiers who did not receive pay or allowance within 30 days of entitlement	# of Soldiers who were underpaid	# of Soldiers who were overpaid
Basic pay	41	3	18	15	0	6			47
Basic allowance for housing	29	30	16	2	0	6			8
Basic allowance for subsistence	27	5	21	1	1	67			8
Family separation allowance	70	50	3	3	1	10			8
Jump pay	14	17	1	0	0	0			
HALO pay	17	2	28	0	11	0			
FLPP	7	13	0	4	2	1			
Special duty assignment pay	48	41	2	0	10	24	63	3	0
Cost of living allowance	36	0	0	37	4	0			
Combat diver pay	0	0	8	0	0	0			
All entitled pays and allowances	0	0	1	0	0	0			
<i>Hostile fire pay</i>				96	22	42			96
<i>Combat zone tax exclusion</i>				56	7	0			39
<i>Hardship duty pay</i>				200	52	143			145
Totals	289	161	98	414	110	299	63	3	351

Source: Author's creation based on data from Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

NOTE: Entitlements in *italic* become effective only in a combat zone or deployment.

A factor that could be involved in the larger pay errors for Soldiers who did not receive pay or allowance within 30 days of entitlement category in this phase is the failure by unit Soldiers to provide the necessary documentation to initiate certain pay and allowances. Another factor includes data entry errors or late entry of data needed to start

active duty pay by their state's ARNG USPFO military pay personnel during the first SRP and or by active Army military pay personnel at the unit's mobilization station during their second SRP.

When asked what the common pay problems are during the mobilization process, Susan Starkey, Military Pay Technician for ARNG and Reserves accurately replied:

BAH changes. Some of them don't get their overseas entitlements started right away, they have to wait 30 days before they kick-in and sometimes they don't go through the finance office to get them started; sometimes they don't get stopped when they come back to the states and they get overpaid and we have to go in and collect it. I'd say BAH is one of the biggest just because of the different areas, the length of the tour governs the type of BAH you are going to get and the Reserves are paid different than the active duty. (Starkey 2009)

During the course of the author's deployment to Iraq from 2007 through 2008, most of the pay problems encountered were related to BAH primarily because Soldiers did not bring the supporting documentation needed to justify the type of BAH that they would qualify to receive. This often led Soldiers to receive type II BAH instead, which is significantly less than full BAH or BAH with dependent rate that they might have qualified had they brought all necessary documents during the SRP. Additionally, the state USPFO often misplaced documentation of Soldiers upon conclusion of the initial SRP causing the Soldier, their families, or the author's personnel section to reproduce the required documents. BAH type II, now called BAH Reserve Component/Transient (BAH RC/T) is an allowance for housing entitlement for members not specifically entitled to full BAH in some cases (DOD 2007). RC Soldiers mobilized for more than 30 days now qualify to receive full BAH.

The number of Soldiers overpaid is the least during the initial mobilization phase; only 98 out of 481 Soldiers in this case study received overpayments (see table 4). This

reflects 20 percent, which is optimal according to the EC for this study. In fact, it is significantly less during the mobilization phase, than in the other two phases of deployment and demobilization (see figure 6). A primary reason could be that certain pays and allowances such as hostile fire pay, combat zone tax exclusion, and hardship duty pay does not commence until the Soldier arrives in theater during the deployment phase (see table 4).

Family separation allowance is the greatest pay problem during this phase with 123 Soldiers out of 481 affected for 25 percent and an optimal EC rating (see table 4). According to the GAO study, Soldiers not submitting the correct paperwork at the time of the SRP caused some payments to be late (GAO 2003, 91). For example, according to the units respective USPFO's, Soldiers either did not bring the paperwork or failed to provide the needed custody arrangement documents therefore causing some Soldiers not to receive their family separation on time. However, in other cases, USPFO personnel were confused over the eligibility of single parents in addition to making errors in calculating the start and stop dates which contributed to late payments for this allowance (GAO 2003, 91). According to DOD Financial Management Regulation (FMR), volume 7A, chapter 27, Soldiers are entitled to receive a family separation allowance after they have been deployed away from home for more than 30 days (DOD 2009). This is another discrepancy between regulations and actual practices. After reviewing the pay problems in the initial mobilization phase, an analysis of the pay problems in the deployed phase follows.

Deployed Phase

The deployed phase begins once ARNG Soldiers arrive in theater, and it is where most of the pay problems occur (see figure 5). The number of Soldiers who had at least one pay problem during the deployed phase was 406 out of 481; this accounts for 84.4 percent of the total Soldiers mobilized, which results are catastrophic in accordance with the EC used in this study (see figure 5). This period of deployment is when ARNG Soldiers arrive in the combat zone where entitlements such as hostile fire pay, combat zone tax exclusion, and hardship duty pay are in effect and these get inputted by the names reflected on the flight manifest by an active Army military pay office OCONUS. Although DFAS policy clearly states that it is the active Army in-theater finance offices responsibility to start and maintain monthly location based payments, some OCONUS active Army finance offices believed that it was the state's USPFO responsibility to process these entitlements and several offices were unfamiliar on how to start location-based pays into DJMS-RC (GAO 2003, 85). As detailed above, this is yet another discrepancy between regulations and actual practices.

When examining the types of pay discrepancies by mobilization phase, the number of Soldiers with no pay within 30 days is highest in the deployed phase in comparison with the other two phases (see figure 6). Moreover, the amount of Soldiers that did not receive pay or allowance within 30 days of entitlement was 414 out 481 for 86.1 percent, which is catastrophic according to the EC in this study (see table 4). The majority of pay errors during the deployed phase were in hardship duty pay for various reasons.

First, in-theater active Army finance offices responsible for processing location based pays such as hardship duty were not familiar about how to start these entitlements in DJMS-RC. For this reason, Soldiers were redirected to either their state's USPFO or other in-theater pay sites for processing hardship duty pay and other location based pays. For example, some Soldiers had to make several trips in theater changing their primary mission and putting them in unnecessary jeopardy; in one case, an individual's aircraft received enemy fire while attempting to resolve these pay problems (GAO 2003, 76). These trips required several stops and due to limited air transportation, these entitlements became delayed.

Second, these active Army finance offices did not know what types of hardship duty to pay some Soldiers based on their locations. In accordance with DOD Financial Management Regulation (FMR), volume 7A, chapter 17, Soldiers who perform duties in "designated areas" for over 30 days are entitled to hardship duty pay (DOD 2009). The FMR provided for two different types of hardship duty pay according to location, one for "designated areas" and the other for "certain places." However, effective December 2001, the regulation no longer permitted Soldiers newly assigned to locations as "certain places" to begin receiving hardship duty pay (GAO 2003, 86). Nevertheless, based on their lack of knowledge in DJMS-RC, these active Army finance offices entered transactions that paid Soldiers both types of hardship duty pay, while in other cases some Soldiers received sporadic, and a mix of correct and incorrect hardship duty pay types (GAO 2003, 87). Due to these discrepancies of entitlements, Soldiers and their families were left wondering if all proper entitlements were received during the course of their deployment.

Third, DFAS has established a number of “workarounds” to compensate for DJMS-RC limitations and these monthly pay and allowances were not displayed separate on the Soldier’s LES. Since DJMS-RC was not meant to make active duty pays and exclude taxes in a single pay transaction, DFAS established a workaround to compensate that includes two separate payment transactions over a two-month payroll cycle to exempt Soldiers’ pay for the combat zone exclusion (GAO 2003, 48). Therefore, Soldiers’ taxes are not refunded on the same month.

However, the Leave and Earnings Statement (LES) for RC Soldiers is difficult to read and determine if these benefits are properly paid. Monthly pay and allowances such as hardship duty pay, special duty assignment pay (SDAP), Foreign Language Proficiency Pay (FLPP), and HALO pay are combined in the LES which makes it extremely difficult for RC Soldiers and their families to determine if all entitlements were received during the course of their deployment.

Figure 7 shows how different entitlements are combined as other credits under the entitlements column. Additionally, this LES demonstrates how taxes are reimbursed after the second workaround pay transaction in the remarks portion.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT														
ID	NAME LAST, FIRST, MI	SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED					
	DDE JACK A	0000 00 0000	E07	840330	18	080501	ARNG	5570	GHK DT 021030					
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY		
TYPE	AMOUNT	TYPE	AMOUNT	TYPE	AMOUNT									
OTHER CREDITS	716.31	FED INC TAX	.45							+AMT FWD				
										-TOT ENT	716.31			
										-TOT DED	.45			
										-TOT ALMT				
										-NET AMT	715.86			
										-CR FWD				
RECOM PAY														
DIEMS														
RET PLAN														
TOTAL 716.31 45														
LEAVE	OF BAL	END	USED	CR BAL	ETS BAL	LV PAID	USE/LOSE	FED TAXES	WAGE PERIOD	WAGE YTD	M/S EX	ADDL TAX	TAX YTD	
								716.31	16044.48	S 0	00	00	1651.02	
FICA TAXES	WAGE PERIOD	SOC WAGE YTD	SOC TAX YTD	MED WAGE YTD	MED TAX YTD	STATE TAXES	ST	WAGE PERIOD	WAGE YTD	M/S EX	TAX YTD			
	00	28181.34	1747.24	28181.34	408.65	VA	VA	716.31	16044.48	S 00	849.50			
PAY DATA	BAQ TYPE	BAQ DEPN	VHA ZP	RENT AMT	SHARE	STAT	JFTR	DEPN	ZD	JFTR	BAS TYPE	CHARITY YTD	TPC	PACIDN
	N DEP		000000								STANDA		A	
THRIFT SAVINGS PLAN (TSP)	BASE PAY RATE	BASE PAY CURRENT	SPEC PAY RATE	SPEC PAY CURRENT	INC PAY RATE	INC PAY CURRENT	BONUS PAY RATE	BONUS PAY CURRENT						
	0%	00	0%	00	0%	00	0%	00						
TSP YTD DEDUCTIONS DEFERRED EXEMPT														
00 00 00														
REMARKS														
YTD ENTITLE 48781.25 YTD DEDUCT 7661.86														
YOUR CHECK WAS SENT TO: FEDERAL CREDIT UN 000000000														
AMOUNT: 8715.86														
ACCOUNT NUMBER: ACCOUNT TYPE: CHECKING														
COMPANY CODE: DIRECT DEPOSIT DATE: 10/30/02														
* AS OF 19 APR 02 036 HIGH TEMPO DEPLOYMENT DAYS ACCRUED														
SINCE 1 OCT 00 OR SINCE ENTERING MILITARY SERVICE														
TOTAL PERFORMANCE FY 03: UTA 00 AFTP 00 ET 00 ATA 00														
UPT 00 AUSA 00 AANT 00 RMA 00 SUP IDT TNG 00														
MCOPT 00 RMAM 00 AT/ADT 015 FHDA 000														
ADJUSTMENT PAY: TAXAB PAY NO FICA 82.87 980501 980501														
ADJUSTMENT PAY: TAXAB PAY NO FICA 57.33 980301 980302														
ADJUSTMENT PAY: TAXAB PAY NO FICA 57.33 990901 990902														
ADJUSTMENT PAY: TAXAB PAY NO FICA 87.33 011130 011130														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$11.00 980201 980203														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$11.00 990601 990603														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$14.87 010301 010304														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$14.87 010701 010704														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$14.87 990201 990201														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$14.86 011117 011118														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$18.33 010201 010205														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$18.33 010401 010405														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$18.33 010601 010605														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$18.33 990501 990505														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$21.99 011201 011203														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$22.00 000501 000506														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$40.33 010501 010511														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$55.00 980601 980615														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$66.67 990701 990719														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$66.67 990801 990819														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$66.67 980901 980919														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$84.33 980601 980623														
ADJUSTMENT PAY: TAXAB PAY NO FICA \$110.00 020901 020930														
YOUR CURRENT STATE CLAIMED IS: VIRGINIA														
SERVICEMEMBER GROUP LIFE INSURANCE COVERAGE: \$250,000														
TSP OPEN SEASON IS 15 OCT-31 DEC. CONTRIBUTE UP TO 8% OF YOUR BASIC PAY. IN 2003, LOGON TO HTTPS://EMSS.DFAS.MIL/EMSS.HTM OR VISIT YOUR PERSONNEL OFFICE TO SIGN UP.														

Figure 7. Sample Army Guard Leave and Earnings Statement
 Source: Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

Finally, since hardship duty pay is not an automated pay, which is a limitation of DJMS-RC, the in-theater active Army finance offices was required to input these on a monthly basis for each Soldier. In some cases, these OCONUS active Army finance offices failed to input these consistently into DJMS-RC on a monthly basis for all entitled Soldiers causing late, missed, and even duplicate payments of hardship duty pays (GAO 2003, 87). Conversely, since hostile fire pay is automatically paid in DJMS-RC during

each pay period, this entitlement had less than half of the errors that hardship duty pay had in every category (see table 4).

Based on recommendations made in a 2003 GAO report, DFAS and the Army implemented some measures to reduce the number of monthly manual transactions dealing with hardship duty pay. In 2004, the DOD established the following implementations: (1) automate manual monthly hardship duty pay; (2) eliminate the use of miscellaneous codes rather processing these payments using a unique transaction code that facilitates edit checks to identify and stop erroneous payments; (3) compare active duty release dates in the Army's system used for REFRAD orders with Soldiers' end of active duty tour dates shown in DJMS-RC to identify and stop any erroneous active duty pay; and (4) improve consistency and timeliness of documentation used to support the Soldier's arrival and departure from the respective overseas locations (GAO 2004, 50). Following is an analysis of the pay problems encountered during the demobilization phase.

Demobilization Phase

The sum of Soldiers who had at least one pay problem during the demobilization phase was 272 out of 481; this accounts for 56.4 percent of the total Soldiers mobilized which is optimal according to the EC used in this study (see figure 5). This period is when ARNG Soldiers go through their demobilization station at an active Army installation to be REFRAD (see figure 4). Furthermore, during this phase ARNG Soldiers transitions from Title 10 back to Title 32 duty status upon receipt of their Certificate of Release or Discharge From Active Duty, DD Form 214 at the active duty demobilization station.

When you look at the types of pay discrepancies by mobilization phase, the number of Soldiers who are overpaid is the most with 351 out of 481 for 79.2 percent, which is a catastrophic EC result (see figure 6 and table 4). In fact, it is significantly greater than the other two categories, especially the category that shows the number of Soldiers who were underpaid. This can be attributed directly to the fact that certain location based pays are not turned off upon redeployment. In accordance with DOD mobilization procedures, the finance office at the servicing demobilization station is to conduct a finance out-processing (GAO 2003, 79). Furthermore, the Finance Mobilization and Demobilization SOP states that when conducting this out-processing briefing “emphasize that collection will occur and the Soldier must inform finance immediately if entitlements continue” after these location based entitlements are stopped (Army Forces Command 2005, 40).

The demobilization station finance office is responsible for entering transactions necessary to stop location based pays such as hardship duty pay and hostile fire pay. Additionally, DOD FMR, volume 7A, chapters 10 and 17, states that location-based pays must be terminated when the Soldier departs the combat zone (DOD 2009). However, when the number and types of pay discrepancies is examined, hardship duty and hostile fire pays are the largest (see table 4). In order to avoid these overpayments, during the deployed phase, OCONUS finance offices should remove data on Soldiers who departed the theater from the main database; otherwise, the propensity for “re-starts” or overpayments may occur (Army Forces Command 2005, 40). The demobilization station finance offices did not know that hostile fire and hardship duty pay entitlements were still being paid after the Soldiers arrived in the CONUS; eventually they did noticed and

terminated these entitlements (GAO 2003, 79). After discussing all the pay problems throughout each of the mobilization phases, a thorough examination of how the Army implements its quality assurance (QA) methods in an attempt for corrective action follows next.

Quality Assurance

The Army uses an internal audit approach, a series of checklists, and reports as quality assurance (QA) methods in an attempt to prevent pay problems. The Army defines internal auditing as the independent appraisal activity within an organization for the review of the accounting, financial, and other operations as a basis for protective and constructive services to management (The Staff 1986, 304). Although external audits have a more unbiased approach, internal auditors are more familiar with the company's culture, policies, and practices. This allows internal auditors to see things that external auditors would not see during their reviews (Wood 2004, 2). On the other hand, external auditors deal with multiple companies and this gives them exposure to a wider range of financial issues. Therefore, external auditors may discover and solve problems that internal auditors have not dealt with before (Wood 2004, 3). Nevertheless, the internal auditing approach is what best suits the Army due to its intricacies.

The auditing function has been an integral part of the Army's management control system that can be traced back to the Continental Armies (Army Audit Agency 2009). Today, the U.S. Army Audit Agency (AAA) is the only internal audit organization in the Army. The mission of the AAA is to "serve America's Army by providing objective and independent auditing services" (Army Audit Agency 2009). Moreover, the AAA helps the Army to make decisions by resolving issues to use resources more effectively as well

as meeting regulated monetary responsibilities. To accomplish this, AAA performs independent objective appraisals of Army units or departments concerning functions, programs, or activities in accordance with generally accepted government auditing standards (GAGAS) (Army Audit Agency 2009). The Comptroller General issues these standards and they bind all audit organizations in the government. Following these standards, the AAA performs three types of audits depicted in table 5.

Table 5. QA Mechanisms Currently in Place to Identify and Correct Pay Problems and the Frequency Performed

Branch	Mechanism(s)	Purpose and Definition	Frequency
U.S. Army	1) Performance Audits 2) Financial Audits 3) Attestation Engagements	1) These audits focus on program effectiveness-audits that measure the extent to which a program is achieving its goals and objectives-and economy and efficiency-audits that determine whether an entity is acquiring, protecting, and using its resources in the most productive manner to achieve program objectives. 2) These audits are primarily concerned with providing reasonable assurance about whether financial statements are presented fairly. The AAA provides financial audit support to the Army in support of its annual financial statements—General Fund, Working Capital Fund and Civil Works. This includes ensuring financial controls and financial systems will allow the Army to produce reliable financial data. 3) These audits are a review of a specific assertion made by an Army activity. These include asserting to the accuracy of the A-76 studies, correction of material weaknesses, and accuracy of performance measures or other data such as the data supporting the Army's recommendations to the Base Realignment and Closure Commission. These audits are generally requested by an Army organization that needs to assert to the accuracy of data being provided to a higher level or outside organization (AAA 2009).	Conducted on ARNG USPFOS biannually or when serious deficiencies are detected (Department of the Army 1988, 4) Conducted on Army military pay offices annually
	Reports: 1) Monthly operations reports 2) JUMPS-Army report and payment statistics 3) JUMPS-RC report 4) Reconciliation of JUMPS-Army military pay entitlement verification list (MPVEL)	1) Provides the Commanding General, U.S. Army Finance and Accounting Center (USAFAC) with factual and timely data about the effectiveness and efficiency of the Active Army finance and accounting network. Also provides Major Commands (MACOMS) and finance and accounting officer (FAO) with management data to assist in daily operations. 2) Summary of JUMPS-Army data input, information rejected input by reject code, aging of pay change data, payment statistics indicating by grade categories of net entitlement, and midmonth and end of month method of payment. These are used to identify problem areas, improve internal controls, and take corrective actions. 3) Summary of JUMPS-RC data input, information on rejected input by reject code, and late transactions. These are used to identify problem areas, improve internal controls, and take corrective action. 4) The MPEVL is provided to installation and activity commanders for reconciliation of selected data on the JUMPS-Army master file with entitlement data in personnel files and related files that provide source information to JUMPS-Army. The transmittal letter of the MPEVL will provide the field with specific instructions for establishing controls, procedures, and cost reporting (Department of the Army 1988, 4).	1, 2 & 3 Monthly 4 Quarterly

CA ARNG	1) Full-scope Audit 2) Quick Reaction Audit 3) Consulting/ Advisory Service	1) Comprehensive performance or financial audits. Examinations or evaluations of policies, processes, programs, and management controls. They provide management detailed analysis of problems. This type of audit takes months to complete. 2) Limited scope or narrowly defined performance or financial audits. Examinations or evaluations of known or suspected problems. They are normally time sensitive with duration of six to thirty days. 3) Services requested of the Internal Review Division, which are not performance or financial audits. They include a variety of consulting and advisory services that employ the auditor's technical skills, education, observations, and experiences (Office of the Adjutant General for California 1995, B-1).	As requested
Reserve	Same as U.S. Army	Same as U.S. Army (Department of the Army 1988, 4)	Same as U.S. Army
USMC	Performance Checklist	The USMC depends on multiple checklists to avoid major pay errors.	Pre-deployment, during deployments, and for post deployments (Lopez 2009).

Source: Created by author.

Even though this table shows the quality assurance (QA) programs already in place, these are not all encompassing. As stated previously in this study, military pay departments have established their own methods and internal controls in an attempt to prevent problems related to the cumbersome pay process. Furthermore, there is no standardization concerning QA when it comes to ARNG units and individual Soldiers going through each phase of the mobilization process. In fact, concerning non-automated pays, previously identified as one of the major contributing factors for pay problems, each USPFO is responsible for establishing internal controls to ensure that the monthly inputs are performed in a timely and efficient manner (Army Forces Command 2005, 27). Because of this lack of standardization in regards to QA, this section will focus on the QA methods as a whole with the ARNG as a focal point and with brief details in the process of all three phases of initial mobilization, deployment, and demobilization.

Since each USPFO is responsible by statute to account for the proper obligation and expenditure of all federal funds due to the Guard's dual State and Federal status,

USPFO's are the focal point of all internal and external audits within their jurisdiction (Department of the Army and the Air Force National Guard Bureau 2007, 12). As internal means, USPFOs are responsible for establishing an Internal Review office and an audit program in accordance with Army Regulation 11-37, chapter 3 (Department of the Army 1988, 4). The Internal Review Division conducts reviews in accordance with GAGAS that are issued by the U.S. Comptroller General. Moreover, this Internal Review Division remains independent of all functional areas in order to perform its functions by GAGAS.

In regards to external audits, conducted on a biannual basis, teams from the Army Audit Agencies (AAA) routinely perform these. However, teams from DFAS and the National Guard Bureau (NGB) can review operations and conduct these external audits too. DFAS teams will review finance and accounting activities at each USPFO once every two years and NGB teams will perform assistance visits at least every other year, normally in the year that DFAS QA review is not scheduled (Department of the Army 1988, 4). DFAS normally covers all financial operations to include ARNG JUMPS-RC inputs while NGB assistance visits covers all financial operations at the USPFO or verifies within identified problem areas. Table 5 shows the frequent use of these QA mechanisms in more detail.

Furthermore, the military pay departments conduct its own internal controls. Even though there is a level of redundancy when it comes to auditing, most of these are not directly tied to the mobilization process. In fact, most of the QA in the mobilization process is conducted internally and left up to the military pay departments to come up with their own internal controls. The Internal Review Division will not become involved

unless they are asked to do so or when a major financial discrepancy has been discovered.

During an interview with Daniel Bogart, Supervisor Auditor for the Internal Review

Division for USPFO for California, he mentions that his department does not get

involved unless requested. When asked where he gets involved, Bogart states:

We are in charge of the entire auditing scope. Any person or organization receiving federal funds we could audit to include special pay entitlements, which we plan on doing this next year. We have the ability if requested or if we see problems to initiate quick response audits on problem areas. For example, if the TAG (The Adjutant General) says, this is like the fifth FLPP I have had this year. He will give USPFO a call, then I get a call, let's assign an auditor and look at this and we could do that. (Bogart 2009).

Furthermore, Susan Starkey, ARNG and Reserve Military Pay Technician and Dan Bogart believes that frequent and well-developed audits cannot prevent Soldiers from being incorrectly paid for varied reasons. When asked if they believe that audits that are more frequent can prevent Soldiers from being incorrectly paid, they replied by saying:

Actually no, because a lot of times you don't know the situation until the Soldier tells you. There is just no way that you could guess that there was something wrong with their account. Like just recently, I got a Soldier that after three years was paid the wrong BAH rate because the orders were cut incorrectly and he had been receiving the wrong BAH rate for three years based on his orders that they finally did an amendment and we had to go back to 2006 to correct his BAH. It's very time consuming. (Starkey 2009)

I think if you are serious about reducing the amount of time an overpayments goes on, you would have to have a pretty robust quality assurance function somewhere in your J1 personnel shop where they really check for that kind of thing. But it's tough, because with pay and benefits . . . I don't know what kind of size their shop is in the National Guard. It's hard though, its needle in the haystack stuff. Even if you are sampling 10%, you may come up dry. But that doesn't preclude the need for that management control, but it is an expensive management control. People cost a lot of money now, so if they are not finding overpayments, then the cost of that position comes into question if you know what I mean. (Bogart 2009)

Moreover, according to Daniel Bogart, there is no written requirement for the Internal Review Division to conduct audits on certain areas e.g. manual pay transactions.

The regulation does not stipulate how often neither. Daniel Bogart states:

They're kind of vague. It talks about a risk assessment we rack and stack audits, we try to identify high risk areas over a five year plan of audit and then we try to manage do that . . . I don't know of any specific requirement asking us to review manual pay transactions on a specific time period. Like to do 10% every year, I don't know any requirement like that. (Bogart 2009)

For these reasons, military pay departments have to rely on their own internal controls. One after the fact method used are management notices produced by DJMS-RC through the DMO system input; based on posting errors, these notices list rejects, recycle, compute, and management notices (Starkey 2009). These management notices will tell if and why an input rejected, and what corrective action is needed to fix the problem (Starkey 2009). In addition, it will advise the Military Pay Technicians if an entry has processed but further review or action should be taken on the account (Starkey 2009). These after the fact reports are information tools that are printed and worked daily by the military pay departments.

The internal control method used by the military pay departments to curtail pay discrepancies during deployments consists of the implementation of a finance mobilization and demobilization documentation requirements checklist (see Appendix B). The mobilization station, normally an active duty post, uses this checklist during the Soldier Readiness Processing (SRP) in the initial mobilization and demobilization phase. In addition, during the demobilization phase, the active Army mobilization station is supposed to “conduct 100% post-deployment audit of pay accounts within 30 days of Release From Active Duty (REFRAD)” (Army Forces Command 2005, 44). The military

pay section validates each item on this checklist when Soldiers perform the “one-on-one interview” with the finance section at the mobilization station SRP.

Even though the Finance Mobilization and Demobilization SOP clearly states that the deployed station’s finance office servicing the Soldiers becomes the primary office responsible for resolving all pay inquiries, there is no mention of any checklist to be used during the deployed phase. During this deployed phase is when all location based pays and entitlements become effective and were previously identified as one of the major contributing factors for pay problems in this study (see table 4). Moreover, during the deployed phase is when most of the pay discrepancies occur in the mobilization process (see figure 5).

Conversely, the United States Marine Corps (USMC) reliance of performance checklist is throughout their mobilization pay process (see table 5). However, the USMC does have a different payroll system in the Marine Corps Total Force System (MCTFS), also know as 3270 (Lopez 2009). This MCTFS identifies the pay problems for the Marines six days before payday and the USMC personnel section corrects the problem by sending a pay request to their respective Finance Office (Lopez 2009). This request lists the pay discrepancy, and the personnel section makes a request to pay the Marines on payday.

The MCTFS is the only integrated military pay and personnel system in the DOD (Selph 2005). MCTFS provides benefit to the customer by paying service members accurately and on time. During Fiscal Year 2004, MCTFS paid all active duty and Reserve Marines on time with 99.92 percent and 99.83 percent accuracy respectively (Selph 2005). From a single transaction, the MCTFS updates both pay and personnel. For

example, when a Marine gets promoted in rank, the system processing the promotion transaction within MCTFS includes all the required programming needs to ensure both pay and personnel information are concurrently updated by the single input of the promotion transaction (Selph 2005). This is just one example area of improved performance over DJMS-RC where delayed promotions occur due to the lack of integration between personnel and pay transactions, in addition to MCTFS's superior timely and accurate pay percentage.

MCTFS contains data to pay accurately both active and Reserve Marines in regards to state and federal taxes, residency information, entitlements and allowances, special incentive pay, and allotments. The integration of pay and personnel means fewer resources to perform simple input report procedures, seamless integration of pay and personnel functions, and no synchronization problems between separate systems (Selph 2005). The quality assurance involved and the seamless transactions are evident in the high level of performance output of MCTFS. Clinton L. Swett, Director of Technology Services Organization, and Gary Hayes, Director with Computer Science Corporation are contractors associated with MCTFS based out of Kansas City, Missouri, and when asked how accurate has been MCTFS in paying Marines they reply:

The office of the Secretary of Defense keeps military pay statistics on both active and reserve. I'm doing this from memory, but for the last five years, the Marine Corps active duty has paid not less than 99.9% accuracy and the Reserves are just a little underneath that, I think the worst year we had was 99.7% accuracy. Most years those run right at 100. (Swett 2009)

When it comes to quality assurance, MCTFS has an extensive array of self-policing mechanisms involved within the software design that pretty much reduces the

need for outside auditors. When asked what quality assurance tools are in place in the USMC pay system involving the MCTFS, Clinton L. Swett replies:

The system has its own integrity checks to make sure the software performs properly. But there is a lot of business process checks and balances that are built internal to the system. Like all of the edits and business rules within it that won't allow transactions that are illogical or outside the Marine Corps business rules even be run on a Marine. You can't gear in net paid status system. You can't be in both active and reserve status at the same time like it could happens like if it was done on two different systems like the Army and Reserve services do in DJMS-AC and RC. Some of that is just inherited in the MCTFS architecture. (Swett 2009)

In addition to all the software checks performed within MCTFS, there are some manual sampling as well, especially if there is a software update (Hayes 2009).

Therefore, there is quite a bit of levels of redundancy to avoid pay disparities besides reducing the chance for fraud, waste, and abuse. In regards to the checklist used for the Marines during the course of the deployments, Clinton L. Swett replies:

It allows the users to do is select from all of these MCTFS transactions a menu of items that basically all comes up in one screen and you go through this like a checklist and report and verify all this information. We do the same things for Marines that deploy, and return from deployments, they're the situational reporting checklist. That checklist then is put together by experts in the administration field. Now your less knowledgeable junior administrative folks have this checklist to go through so they don't forget something, skip something, etcetera. And that's built into the MCTFS input systems. (Swett 2009)

Furthermore, during an interview with Chief Warrant Officer 2 Marcos M. Lopez, a Personnel Officer with the USMC he states, "My section depend(s) on those checklists; we have minimal errors using this method. Pay problems occur during the first and second paydays because of entitlements trying to catch-up with the system. After the MCTFS catches up with all pay and allowances, it's a smooth ride after" (Lopez 2009). The MCTFS pays both active and Reserve Marines and the USMC have been deploying numerous units' post 9/11. According to Chief Warrant Officer 2 Lopez, because of the

increased deployments, there are numerous checklists hovering around the Marine Corps. These checklists help with mobilization pay and allowances entitlements and to prevent major pay errors. Furthermore, when there is an error in Marine pay, MCTFS will prompt the personnel section of the deficiency of pay in a timely manner to submit a pay request for corrective action, which is a big advantage over DJMS-RC.

After reviewing the QA functions for the Army with focus on the ARNG's procedures for reducing pay discrepancies, following is a comparison of the Reserve and ARNG mobilization pay process.

Reserve versus ARNG Mobilization Pay Process Comparison

The Army Reserve mobilization pay process appears to be more streamlined than the Guard's pay process. This is true in the number entities involved in the mobilization pay process, but the Reserves have six pay systems in contrast to five systems in the ARNG. The common denominator in the ARNG and the Reserve pay system are the Defense Military Pay Office (DMO) and DJMS-RC (see figures 2 and 8). Similarly to the ARNG, the key systems involved in authorizing, entering, processing, and paying mobilized Army Reserve Soldiers are not integrated, which causes numerous pay problems (GAO 2004, 42). Because of this lack of integrated systems weaknesses, both Army Reserve and active Army personnel have to rely on numerous manual transactions to accurately process pay and allowances for mobilized Army Reserve Soldiers (GAO 2004, 41).

Figure 8 displays the key systems involved in paying Army Reserve Soldiers during their mobilization process. Even though the process seems simplified over the

Guard's in figures 2, 3, and 4, note that these systems are not integrated and rely heavily on manual data inputs.

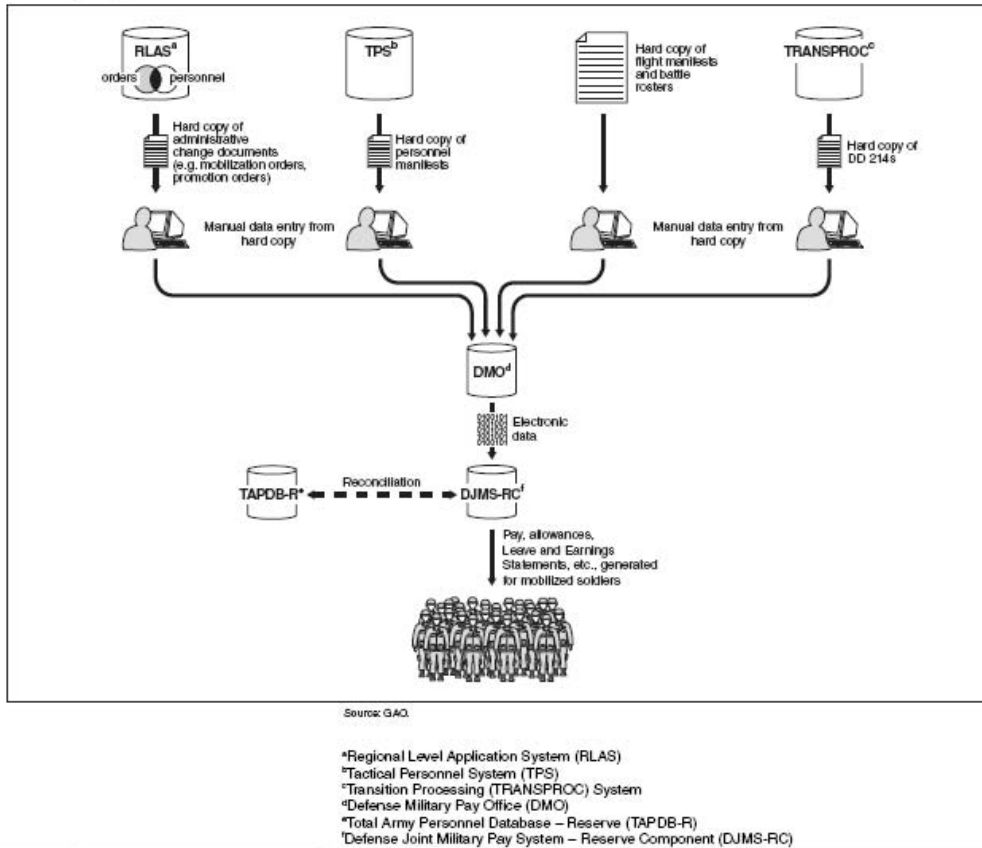


Figure 8. Key Systems Involved in Authorizing, Entering, Processing, and Paying Mobilized Army Reserve Soldiers Are Not Effectively Integrated
 Source: Government Accountability Office, GAO-04-911, *Military Pay: Army Reserve Soldiers Mobilized to Active Duty Experienced Significant Pay Problems*, August 2004. <http://www.gao.gov/new.items/d04911.pdf> (accessed April 14, 2009).

The key entities involved in the mobilization pay process for the Reserves include the following:

1. Mobilized Soldier;

2. Unit commanders and unit administrators for all mobilized Army Reserve units;
3. United States Army Reserve Pay Center located at Fort McCoy;
4. Army Reserve Pay Management Division at Fort McPherson;
5. Fourteen Operational and Functional Commands;
6. Seven Regional Support Commands (RSCs);
7. U.S. Army Finance Command;
8. Personnel and finance offices at Army mobilization stations;
9. Defense Finance and Accounting Service (DFAS) at Indianapolis, Indiana;
10. DFAS at Denver, Colorado; and
11. DFAS at Cleveland, Ohio (GAO 2004, 10).

Furthermore, there are six computer systems involved in authorizing, entering, and processing active duty pays to mobilized RC Soldiers through the three key phases of their mobilization, deployment, and demobilization process. These systems are:

1. The Defense Joint Military Pay System-Reserve Component (DJMS-RC), Defense Finance and Accounting Service's (DFAS) Army Guard and Reserve pay system;
2. Defense Military Pay Office System (DMO), Active Army's pay input system;
3. Army Reserve's Regional Level Application System (RLAS), which includes its personnel order-writing functions;
4. Total Army Personnel Database-Reserves (TAPDB-R);
5. Army's Tactical Personnel System; and
6. Army's Transition Processing (TRANSPROC) System (GAO 2004, 14).

Although the Reserve system appears to have fewer steps in contrast with the ARNG, the Reserves are not exempt from pay problems. Reserve Component (RC) Soldiers have also had significant pay problems because of mobilizations similarly to their respective counterparts in the ARNG. Due to the lack of integration among personnel and pay systems, data entered on personnel systems that affects pay is not automatically updated into the DJMS-RC pay system. For this reason, similarly to the ARNG, changes which affects pay must be recorded into the pay system using hard copies of documents, e.g. mobilization and promotion orders.

In 1993, during an audit, the GAO reported this failure of integration between personnel and pay systems to the Army (GAO 2004, 44). In an attempt to resolve the integration issue, the Reserves designed TAPDB-R. However, the integration was limited to five fields, the Soldier's name, Social Security Number, entry date into the Army, reassignments, and separation from military service (GAO 2004, 44). This resulted in limited integration not incorporating the data needed by the payroll system to process payments for Soldiers on active duty.

Moreover, due to the lack of incorporation of personnel and pay systems, the DOD and the Army must rely on after the fact measures of controls, such as pay and personnel mismatch reports to identify and correct pay errors. The Army Reserve uses mismatch reports between TAPDB-R and DJMS-RC, while the ARNG uses a similar report between its personnel system in SIDPERS and DJMS-RC. The Army Reserve has an automated reconciliation tool in the Participation Management and Reporting Subsystem (PMARS) to help identify inconsistencies with data between pay and personnel systems (GAO 2004, 45). However, this subsystem is ineffective in identifying

Soldiers paid for active duty while in inactive status because TAPDB-R does not records nor maintains this information.

Conversely, the Guard has monthly reconciliations of pay and personnel data. However, there are no written requirements for conducting and documenting monthly reconciliations of pay and personnel mismatches and unit commanders' finance reports (GAO 2003, 26). Furthermore, a 2003 GAO investigation indicated that these required monthly controls were either done inconsistently, not done on time, or not done at all (GAO 2003, 26). Due to the lack of clear guidance, some USPFO locations established informal undocumented reconciliation practices. On several occasions, Soldiers separated during their SRP process continued on the active duty payroll months after thus resulting in numerous overpayments because this personnel and pay mismatch report was not processed in a timely manner.

Nevertheless, the Army Reserves faces similar challenges detecting when mobilization orders end for deployed Soldiers due to the lack of integration of personnel and pay systems. As an individual case study, Chief Warrant Officer 4 (CW4) Jeffrey O. Hahn, a Forward Liaison Officer for the Human Resources Command (HRC), U.S. Army Reserve in St. Louis, Missouri, encountered several overpayments in the process of his mobilization. CW4 Hahn has received several overpayments totaling over \$106,000, which is a Class C Pay Problem in accordance with this study. No one in the military pay department or the Army notified him of his indebtedness to the government in official correspondence; rather it simply appeared on his Leave and Earning Statement (LES) after the fact as an unpaid debt balance. The LES would show similar to the one in figure 9.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT															
ID	NAME LAST, FIRST, MI	SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSR/DISR	PERIOD COVERED						
DOE	JOHN	000 00 0000	EGE	011112	11	071100	ASNG	SS7D	01K 01 03007						
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY			
TYPE	AMOUNT	TYPE	AMOUNT	TYPE	AMOUNT										
A BASIC PAY	372.60	FED INC TAX	21.52							+AMT FWD					
INCENTIVE PAY	25.60	FED TAX	28.52							+TOT CAT	397.60				
		STATE INC TAX	12.60							-TOT DED	292.78				
		SGLI	20.00							-TOT AMT	105.04				
		DEBT PAYMENT	210.13							-CR FWD					
										+EDM PAY					
										DEMS	RET PLAN				
TOTAL	397.60		292.78												
LEAVE															
WF BAL	EMD	LIGD	ON BAL	DEB BAL	LV LOST	LV PAID	USE/LOSE	FED TAXES	WAGE PERIOD	WAGE YTD	M/S EX	ADDL TAX	TAX YTD		
									397.60	397.60	M 1	00	216.17		
FICA TAXES															
WAGE PERIOD	SOC WAGE YTD	SOC TAX YTD	MED WAGE YTD	MED TAX YTD	STATE TAXES	ST	WAGE PERIOD	WAGE YTD	M/S EX	TAX YTD					
	372.60	372.60	231.14	372.60	54.09	CD	397.60	397.60	M 01	126.00					
PAY DATA															
BAO TYPE	BAO DEPN	YHA ZIP	RENT AMT	SHARE	STAT	JTR	DEFNS	2D JTR	BAS TYPE	CHARITY YTD	TPC	PACDR			
W ESP	SPOUSE	00000							SIHNA			A			
THIR Savings Plan															
BASE PAY RATE	BASE PAY CURRENT	SPEC PAY RATE	SPEC PAY CURRENT	INC PAY RATE	INC PAY CURRENT	BOBLS	RATE	BORNS PAY CURRENT							
0%	00	0%	00	0%	00		0%	00							
ITSP															
YTD ENTITLE				YTD DEDUCT											
5819.25				896.49											
REMARKS															
YOUR CHECK WAS SENT TO: USAA FEDERAL SAVINGS BANK 000000000 ACCOUNT NUMBER: AMOUNT: \$105.04 COMPANY CODE: DIRECT DEPOSIT DATE: 03/07/03 * AS OF 13 MAY 03 153 HIGH TEMPO DEPLOYMENT DAYS ACCRUED SINCE 1 OCT 00 FOR SINCE ENTERING MILITARY SERVICE) PAY & ALLOW DEBT(0003) DEBT BALANCE \$9,443.98 ORIGINAL DEBT \$0,053.00 01 MAR 02 30 SEP 02 BASIC PAY \$9,999.99 01 MAR 02 30 SEP 02 ORIGINAL DEBT \$4,413.51 01 MAR 02 30 SEP 02 PAY & ALLOW DEBT(0003) DEBT BALANCE \$3,880.20 ORIGINAL DEBT \$3,880.20 01 OCT 02 31 DEC 02 BASIC PAY \$6,330.00 01 OCT 02 31 DEC 02 ORIGINAL DEBT \$2,066.10 01 JAN 03 15 FEB 03 BASIC PAY \$3,355.20 ORIGINAL DEBT \$3,355.20 01 JAN 03 15 FEB 03 TOTAL DEBT BALANCE *TOTAL* \$39,489.28 TOTAL PERFORMANCE YTD UTA 00 ATTY 00 -GT 00 ATA 00 JPT 00 AAU2 00 SAANT 00 RMA 00 SUP IDT TNG 00 HOST 00 INACTIVE DUTY TRAINING INACTIVE DUTY TRAINING YOUR CURRENT STATUS ALL SERVICEMEMBER GROUP L															
										UNPAID DEBT BALANCE *TOTAL*:				\$39,489.28	
-YOUR 2002 FED'L & STATE INCOME TAXES ARE DUE! FOR FREE TAX ASSISTANCE & ELECTRONIC FILING, VISIT YOUR INSTALLATION TAX ASSISTANCE CTR OR SUPPORTING LEGAL ASSISTANCE OFFICE. -MINIMUM HOLDING PERIOD FOR SERIES EE/I BONDS ISSUED AS OF FEBRUARY 2002 IS NOW 12 MONTHS. -RC 2002 4-25 ARE NOW AVAILABLE ON HTTPS://MYPAY.DFAS.MIL															

Source: Individual Leave and Earnings Statement.

Figure 9. Sample of Leave and Earnings Statement with Large Debt Balance
 Source: Government Accountability Office (GAO), GAO-04-89, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, November 2003, <http://www.globalsecurity.org/military/library/report/gao/d0489.pdf> (accessed April 14, 2009).

While deployed in CONUS, CW4 Hahn realized he had a pay problem on March 6, 2009, while verifying his bank account, “I checked my bank account and I have been overpaid about forty thousand dollars” (Hahn 2009). When asked how much is the total debt incurred, CW4 Hahn replied:

I don't think anybody at this point in time knows because it's happened a couple of other times since then. And the debt has come in . . . well, I have been overpaid \$250 dollars this week, \$400 dollars that week, \$39,000 dollars this week, \$900 dollars that week . . . there's no . . . on the 1st and the 15th its not a regular pay period, its just all of a sudden money shows up. (Hahn 2009)

In an attempt to resolve his overpayments, CW4 Hahn went to several departments, to include the military pay department in which he got the runaround due to the confusion and poor customer service. According to CW4 Hahn, his first stop was at the finance office where he notified the staff that he had a pay problem, and their response was "Are you sure you didn't get a bonus?" (Hahn 2009). Due to the uncertainty in the pay department, CW4 Hahn submitted a pay inquiry with his company, discussed his pay problem with two different commanders, the Judge Advocate General, and the Inspector General. He also made several calls into DFAS Indianapolis and Fort McCoy, Wisconsin in an attempt to resolve his pay problem.

Finally, after multiple runarounds, a civilian employee in the finance department in his building confessed to have made a mistake. Not noticing that CW4 Hahn was already on the payroll, the civilian employee re-cut his orders and paid him for the past eight months "the system" thought unpaid. After discovering the error at that point, CW4 Hahn mentions that the finance department said, "Well, we'll fix that" and then "they went back and re-cut them (orders) again and paid me another sixty thousand dollars" (Hahn 2009). This is a clear example of the lack of integration of personnel and pay systems that causes uncertainty and overpayments in the complex process of paying a mobilized RC Soldier. Neither the mobilized Soldier nor the pay clerk knows if accurate payments will occur.

Unfortunately, CW4 Hahn's pay problem continues to this day. The overpayments may affect his next tax submission as DFAS has paid money to the IRS during this course of pay discrepancy.

It's still on going because the other problem was they sent money to the IRS. When I asked them, "hey, you're telling me I have this huge debt, but half or a good portion of the money I owe you, you sent to the IRS" and then "my LES all it say is repay debt for \$18,000 but nobody can tell me where that \$18,000 went or what debt it was for or anything else." Currently, year to date on my last LES was \$190,000. I already sent a check back to DFAS. A certified cashiers check made out to the U.S. treasury with my name on it and everything else . . . my social security number, copy of my LES showing what the current debt is and everything else so they can attempt to fix this, but to date, I have heard nothing back. (Hahn 2009)

Sadly, similar pay problems continue today in the RC and ARNG mobilization process. As discussed previously, while deployed to Iraq from June 2007 to May 2008 as the S-1, Personnel Officer for an ARNG battalion, the author dealt with hundreds of pay problems, primarily relating to BAH discrepancies. The breakdown occurred during the initial SRP as documents turned into the respective USPFO got loss, Soldiers did not bring the correct documents for processing, delays or errors in paying the proper BAH type, among other mistakes. Furthermore, the workaround method of paying the Soldier's combat zone tax exclusion benefit until the following month was still in effect during the course of the deployment and this investigation causing delayed payments in this area.

Moreover, delays in processing a Soldier's promotions due to the lack of integrated pay and personnel systems affects both basic pay and basic allowance for housing entitlements. On numerous occasions, during the course of the author's deployment and in a 2004 GAO investigation for the Army Reserves, Soldiers promoted while on active duty did not receive their pay raises when they should have because the promotion information was not timely processed into DJMS-RC. Moreover, if a Soldier

joined the deployment from another state as an individual augmentee, the author had to follow-up with that Soldier's state respective USPFO or the parent unit of the service member to ensure effective processing. Even though these Soldiers did receive back pay of these entitlements, significant delays occurred.

The Defense Integrated Military Human Resources System (DIMHRS) is supposed to correct pay deficiencies related to non-integrated personnel and pay systems such as the delayed promotions mentioned above. However, the Army has delayed the implementation of this system; Appendix C has an updated status of DIMHRS.

In the next chapter, the author will detail what is being done with the mistakes. Furthermore, the author will describe the fundamental problem of the pay system from his point of view. Additionally, core questions that need to be asked for future corrective actions will be planted. Finally, the author will offer recommendations in an attempt to ease some financial burdens into the future.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The purpose of this thesis was to determine any discrepancies between regulations and actual practices in the mobilization pay process of the Army National Guard (ARNG) as well as systematic problems caused by these discrepancies. This study found numerous flaws in its current processes in contrast to the policies currently in place. These breakdowns, compounded by inefficient internal controls, result in ARNG Soldiers not receiving accurate or timely pay and allowances. Even worse, neither the Soldier nor the military pay departments can expect guaranteed timely and accurate payments of all entitled benefits. The pay inconsistencies affect the Soldiers' morale and may influence their decision of separation from the service, thus affecting overall retention rates in the ARNG.

These pay discrepancies cause Reserve Component (RC) Soldiers and their families unnecessary burden during the course of their mobilization process. For example, upon the discovery of a pay discrepancy, a full audit of their account takes place and wage garnishment occurs if it is an overpayment. Meanwhile, the Soldiers and families remain wondering if all entitled benefits were paid. Upon deducting payments, there is no explanation of benefits or detailed information regarding the debt that the Soldiers accrued on the Leave and Earning Statement (LES). The debt balance simply appears on the Soldiers LES as shown in this study.

Furthermore, the question of whether the current processes and prevention mechanisms used are efficient in solving ongoing pay problems was thoroughly

examined during the course of this research. It can be determined that most of the quality assurance (QA) mechanisms in place are reactive in nature instead of proactive. These include after the fact audits and pay and personnel mismatch reports produced by the Defense Joint Military System-Reserve Component (DJMS-RC).

Moreover, the fundamental problem of the pay system is associated with the lack of integrated systems in the pay process of RC Soldiers. Since DJMS-RC does not recognize the transactions associated with the personnel systems in both the ARNG and Reserves, personnel data input that affect pay to Soldiers are not reflected into the DJMS-RC pay system; these personnel transactions may include data input such as promotions, demotions, and marital status among others. The lack of integration between personnel and pay systems results in additional error-prone manual pay transactions of data input into different systems. Consequently, the current pay processes system and controls include erratic manual transaction entries into multiple non-integrated systems that result in numerous over and under payments and late payments to mobilized ARNG Soldiers.

These findings suggest that the pay problems associated with RC Soldiers once activated to deploy in support of operations will continue. To make matters worse, it can be determined that these pay problems associated with the ARNG and Reserve pay process have exponentially grown ever since their increased role since 9/11. The RC has evolved from a strategic reserve to an operational reserve today. In the Iraq conflict alone, the ARNG and Reserve have been so heavily involved that over 18,000 Soldiers out of a total force of 155,000 are RC Soldiers in the region as of January 2008 (Waterhouse and O'Bryant 2008, 4). For this reason, this study demonstrates that the lack of standardization between the Guard, Reserve, and Active Duty's current pay systems

and its reactive quality control processes will exacerbate problems associated with pay in future deployments of RC Soldiers.

Recommendations

Based on the problems discussed above, this study recommends seven guiding factors for the National Guard Bureau (NGB), in conjunction with the Department of the Army, and the Department of Defense (DOD) take into consideration; five short-term, and two for long-term basis. Following are the recommendations:

Short-term

1. Standardize in written policy the timely process of pay and personnel mismatch reports and pay supporting documentation upon receipt.

Since most of the pay problems are not identified beforehand, it is important to have a standardized best practice approach as a pro-active method to curtail problems associated with pay. Therefore, the timeliness in which the pay and personnel mismatch reports and pay supporting documentation are processed needs standardization across all 54 states and territories where USPFOS reside. Furthermore, this practice needs implementation across the Army Reserves unit pay offices as well. To be effective, military pay technicians need the proper training before implementation.

Military Pay Technician Susan Starkey elaborates on the critical effects that a late input can have on the Soldiers pay below. Furthermore, she describes DJMS-RC management notices prompts after each input:

If it is a posting error, the system prompts you with a management notice. Like if you post a tour that should have been paid let's say May 1st and you are just now getting the paperwork inputted. It will go back and tell you need to review it for underpayments because it will only pay the current timeframe of the account. So

you get management notices. Everyday that you do an input a management notice will kick out the next day. (Starkey 2009)

2. Incorporate the combat zone tax exclusion “workaround” in policy to notify the Soldier.

Because the combat zone tax exclusion benefit cannot be paid out in one monthly transaction in DJMS-RC, a written policy needs implementation for the finance departments to advise the Soldiers of this action during their initial Soldier Readiness Processing (SRP). Unit commanders and deploying Soldiers need to hear about this policy during each unit’s finance brief at the mobilization station. Clarifying to the Soldiers upfront that this benefit is paid out in two months timeframe instead of the current month will result in no surprise to the Soldiers and their families. This in turn will keep the Soldiers satisfied, as well as increase morale and may even improve unit retention in the process.

The author dealt with this situation first hand while deployed to Iraq as the Personnel Officer for an ARNG unit during June 2007 through May 2008. This practice of repaying the Soldiers tax exclusion benefits in two months period was discovered as an inquiry since nothing was put out at the mobilization station during the finance brief at Fort Dix, New Jersey. The author had to explain to unit commanders and their Soldiers in the battalion this frustrating after the fact payment practice. Now, since the author is Active Guard Reserve (AGR) being paid under the active component side in DJMS-AC, which is an AC payroll system with the ability to pay out combat zone tax exclusion benefits on the same month, he did not have to go through this process. However, approximately 95 percent out of 824 Soldiers in the battalion task force had to receive their entitlements the month after.

3. Make modifications on the LES in order to show Soldiers a clear explanation of all pay and allowances received so that they and their families can determine if all entitled benefits were paid.

4. Consider incorporating some type of performance checklist for units responsible of paying RC Soldiers in theater. This checklist should be incorporated into the current Finance Mobilization and Demobilization Standing Operating Procedure (SOP).

5. Evaluate current training policies for military pay technicians in the United States Property and Fiscal Offices (USPFO) in the ARNG and other military departments responsible for paying RC Soldiers during mobilization.

These personnel besides receiving the necessary training prior to assuming their duties, they need to be current with ongoing policy changes. Therefore, a periodic training regimen needs to be put in place in written policy, e.g. bi-annual finance training and best processes required. Furthermore, these paying experts need to be cross-leveled for proficiency and efficiency purposes on both DJMS-AC and RC systems. This will help alleviate when staffing falls short.

Long-term

First, the Army should consider the implementation of the Marine Corps Total Force System (MCTFS) to solve the discrepancies related to military pay as a long-term solution. The MCTFS is a vast improvement over the Army's troublesome DJMS payroll system. As previously mentioned, the DOD and the Army has tried unsuccessfully thus far to implement DIMHRS. With all the resources and efforts put forth into an unproven system like DIMHRS, the DOD could have expanded on MCTFS proven success.

MCTFS provides benefit to the customer by paying service members accurately and on time.

The MCTFS is the only integrated military pay and personnel system in the DOD (Selph 2005). From a single transaction, the MCTFS updates both pay and personnel. This is a huge advantage over the Army's DJMS pay system since most of the pay problems are associated with the lack of integrated systems between personnel and pay when paying mobilized RC Soldiers. Furthermore, MCTFS manages more than 498,000 Marine records for active, reserve, and retired service members and computes an average gross payroll of \$238 millions on a bimonthly pay period totaling \$5.712 billion payments annually (Selph 2005).

Clinton L. Swett, Director of Technology Services Organization, and Gary Hayes, Director with Computer Science Corporation, contractors based out of Kansas City, Missouri, expands on MCTFS record of accomplishment during an interview:

There has been quite a few (awards). Probably one of the hardest earned award was awarded in 2006, but it was for 2005. It was designated as one of the top 5 programs within DOD. And that's like all programs . . . that's weapons systems, aviation programs, subs, carriers, you name it. For an information systems, even to be in that top 5, was a pretty good accomplishment. It has also received various DOD CIO (Chief Information Officer) awards, DoN (Department of the Navy) CIO awards, and then all the CMMI (Capability Maturity Model Integration) certifications are in effect an award all within themselves. (Swett 2009)

When asked if the Army is going to adopt MCTFS in the future, Swett replies, "My answer would be they have put a lot of effort into DIMHRS, they are not willing to give up on that effort, and they are going to continue to work on DIMHRS until either it succeeds or realize that it can't succeed" (Swett 2009). Working in the related industry, Clinton L. Swett and Gary Hayes are well aware of the problems that the Army has faced in an attempt to implement DIMHRS as they have United States Marine Corps (USMC)

working groups attached to those efforts. Thus far through fiscal year 2009, the cost estimates for DIMHRS includes approximately \$1 billion (GAO 2008, 2).

When asked whether anyone from the DOD has contacted them regarding the implementation of MCTFS by the Army, they replied:

We at one point we briefed . . . I can not think of his name now. He was the head of they're . . . he is the only Comptroller . . . I don't remember his name. About four or five years ago, he came out and looked at the MCTFS model. He was more interested in the model than he was in the system itself. Yes, we were contacted about four or five years ago and then DIMHRS was on a roll, they were going to implement it real soon, etcetera. The interest in MCTFS kind of dried up and now politically, based the way the NDAA (National Defense Authorization Act) is worded, the Army has to give DIMHRS a one full go as a service and not as a BTA (Business Transformation Agency) run program before they would come back and talk to us again. (Swett 2009)

In addition, Gary Hayes further expands on the current problems that really face DJMS as he accurately replies:

It summarizes to say that people are complaining about DJMS, it is not that DJMS pays them . . . its not that the processes of DJMS pays them incorrectly, is that the data that they are paying them from is incorrect. Either duplicate records, or inadequate records, or late reporting, etcetera. We are not here to bash DJMS, given correct data DJMS will pay them correctly . . . in a nutshell. It (the problem) comes from the data management. (Hayes 2009)

As described in detail in this study the lack of integrated personnel systems coupled with having two Army pay systems in DJMS-AC and DJMS-RC compounds the problems that result in discrepancies in pay, especially to mobilized RC Soldiers when these are lost in either system. For this reason, the integration of pay and personnel through MCTFS means fewer resources to perform simple input report procedures, seamless integration of pay and personnel functions, and no synchronization problems between separate systems, not to mention less auditable actions necessary. Therefore, it is never too late for the Army to try MCTFS. ARNG and Reserve Soldiers have paid their

dues with commitment, dedication, and even the ultimate sacrifice to this nation. It is now time for Uncle Sam to pay the RC Soldiers their hard-earned entitlements with accuracy and timeliness.

Second, the Army National Guard in conjunction with the DOD and the Department of the Army should look into streamlining the cumbersome pay process of the ARNG. In line with the implementation of MCTFS or DIMHRS, whichever comes first, these departments must consider the restructure of current software that can eventually lead to eliminating some pay related departments within the ARNG. Although DIMHRS, if incorporated, will merge 70 data management systems in the Army, it is still on hold. Therefore, an internal effort within the ARNG should determine if the current systems in place could either be merged or eliminated all together.

Furthermore, if some steps are consolidated or removed all together, the unit level transaction entered may not need to go to the state's Office of the Adjutant General (OTAG) for processing. For example, since the Standard Installation Division Personnel Reporting System (SIDPERS) reconciliation drives pay, there is a need to code into SIDPERS pay supporting documents at the state headquarters beforehand. However, since payroll clerks at each state USPFO must validate the supporting documentation anyway for input into JUMPS Standard Terminal Input System (JUSTIS), this step can possibly be eliminated. This not only saves time, but also eliminates an interim step.

With the ongoing transformation of the Human Resources (HR) arena under the Personnel Service Delivery Redesign (PSDR), it seems as the ARNG is taking that approach. However, the ARNG is only pushing the additional workload down in PSDR to the division and brigade level, specifically for SIDPERS coding. In a personnel policy

bulletin for the California ARNG, certain SIDPERS transactions that affect pay for enlisted Soldiers such as duty position assignments, transfer assignments, advancements through the rank of E-1 through E-4, among others are now the responsibility of the division and brigade (California Army National Guard Military Personnel Office 2009). The management of these types of personnel actions should be pushed down to at least the battalion level or even lower in responsibility.

As an example to what level personnel transactions are driven in the USMC, and how an integrated process can save time and possibly thousands of dollars as well, Clinton L. Swett describes how MCTFS in essence does just that:

Here is the way that I kind of think of it and this differs from all the other services. The MCTFS business model that's implemented in software is if you enter a transaction, and by the way, the unit commander, and his administrative folks are responsible for their Marines. There isn't any finance center that supports . . . you know, huge groups of Marines or whatever. These are done at the unit and at the installation level. They are responsible for their Marines welfare, and that includes pay and these personnel transactions that they are driving are what determines their pay. But if they input something wrong, we reject it and then it goes right back to the person that inputs it. (Swett 2009)

Furthermore, when asked of the importance of unit level of responsibility in personnel and pay related transactions, and how MCTFS in essence eliminates steps along the way, Swett replies:

It does . . . it eliminates the middleman. But the more serious point is in like Army, Navy, and Air Force pay systems, if you get the transaction entered into DJMS, it is not your problem anymore. Some DFAS central site military pay operations have to make it work from there. Now, in the Marine Corps that is not how it works. If you entered that transaction and you failed one of our edits, you get it right back. With the reason it failed and it shows up on a report that is visible across the whole Marine Corps upon how well your unit is doing in reporting transactions on your Marines. So there is a lot of incentives to get yourself fix, corrected, and input correctly, so you don't look like the admin units that don't know what they are doing. (Swett 2009)

Finally, recommendations for future study include the effects PSDR is having on the ARNG pay process. Especially in the current level of operational tempo, how is PSDR aiding or hampering the force when it comes to pay. Furthermore, the effects PSDR has on the brigade S-1 sections managing the additional workload given the same number of personnel and without a financial qualified expert in the group to do the pay related job. Moreover, how can personnel and pay data management be effectively incorporated into the Army's Force Generation (ARFORGEN) cycle of reset, train and ready, and available pool. These are good quality topics for further research and discussion in relations to effective ARNG pay.

APPENDIX A

ORDERS A-03-907116

DEPARTMENT OF THE ARMY
U.S. ARMY HUMAN RESOURCES COMMAND
1 RESERVE WAY
ST. LOUIS, MO 63132-5200

AHRC-PLM-S
ORDERS A-03-907116

04 MAR 2009

SAD111 COL AR
W8B3ZF

SHAWNEE KS 66218 9229

YOU ARE ORDERED TO ACTIVE DUTY FOR OPERATIONAL SUPPORT UNDER PROVISION OF SECTION 12301 (D), TITLE 10 UNITED STATES CODE FOR THE PERIOD SHOWN PLUS THE TIME NECESSARY TO TRAVEL. YOU WILL PROCEED FROM YOUR HOME OR CURRENT LOCATION IN TIME TO REPORT FOR DUTY ON THE DATE SHOWN BELOW. UPON COMPLETION OF THIS DUTY, UNLESS SOONER RELEASED, YOU WILL RETURN TO YOUR HOME AND UPON ARRIVAL BE RELEASED FROM ACTIVE DUTY.

RPT TO: USA CAC FT LEAV NOVPA FT LEAVENWORTH KS 66027
REPORT DATE/TIME: 22 FEB 2009 RPT BETWEEN 0800 AND 1700 HRS.
PERIOD OF ACTIVE DUTY: 96 DAYS INCLUDING ACCUM LEAVE END DATE: 28 MAY 2009
PURPOSE: ACTIVE DUTY FOR OPERATIONAL SUPPORT (ADGS) TO SERVE AS A CHIEF.
ATT TO: USA CAC FT LEAV NOVPA FT LEAVENWORTH KS 66027

ADDITIONAL INSTRUCTIONS: ATTACH FOR UCHJ, ADMIN, AND PAY. TVL BY GOV AND MVT OF DEP ADVN. CONTACT HOUSING OFC OF THE GAINING INSTL BEFORE MOVING OR LEAVING OFF POST. SM NOT INDEF STATUS. ACCESSION INTO DJMS-AC WILL REFLECT SVC COMP OF "V". ALL PROCESSING TO INCLUDE TRANSITION LEAVE MUST BE COMPLETED BEFORE THE EXPIRATION OF THESE ORDERS. ALL OPCL TVL MUST BE ARRANGED THRU CARLSON TVL (1-800-756-6111) OR NEAREST SATO. TICKET PURCHASED AT OWN EXPENSE WILL NOT BE REIMB W/O REQ JUSTIFICATION. SM WILL BE SEPARATED FROM DDMC-RC USING 900 TIN AND ACCESSED INTO DJMS-AC WITH SVC COMP OF "V". EARLY REPORTING NOT AUTH. SM NOT COUNTED AS PART OF THE ACTIVE ARMY END STRENGTH. SM REMAINS ON RASL. OER PROFILING THRU SELECTED PRESERVE. MVT OF HHG TO AND FROM PLEAD AT GOVT EXP. CONTACT NEAREST MIL INSTL TRANS OVC FOR PICK-UP AND DELIVERY.

FOR ARMY USE: AUTHORITY: 10 USC 12301 (D)
ACCT CLAS: NONE

MDC: JAD9 HCP: SAME AS SNL VMO2/AOC: 19A
SEX: M FFN: W9 COMP: USAR RES OR: COL BASIC BR: AR
DORRES: 05 JUL 2004 FEED: 03 JUN 1979 SCTY CG: TS W/SENSITIVE INFO

FORMAT: 162

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* AHRC * COL. AG
* OFFICIAL * COMMANDING

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1 USA CAC FT LEAV FT LEAVENWORTH KS 66027
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APPENDIX B
FINANCE MOBILIZATION AND DEMOBILIZATION DOCUMENTATION
REQUIREMENTS CHECKLIST

FINANCE MOBILIZATION AND DEMOBILIZATION DOCUMENTATION REQUIREMENTS CHECKLIST
 6 MAY 2005

1. NAME (Last, First, Middle):	2. SSN:	3. RANK:	4. HOME ADDRESS:	5. HOME PHONE:	Submit to
1a. (Military Spouse, if applicable)	2a.	3a.	4a.	5a.	
6. COMPONENT: (Select one) AC AGR RC ARNG IRR IMA ARNG 10 ARNG 32 OTHER					
7. PARENT UNIT AND UNIT PHONE NUMBER:		8. UIC:	9. DU/C:	10. DATE COMPLETED:	
Entitlements Verified:					
MOBILIZATION: START	REQUIRED DOCUMENTS	ACTION TAKEN?	INITIALS	REMARKS	VERIFIED AT
Mobilization Orders	Mob Orders	Y N NA			HS MS DL DMS/HS
Cross-leveling	Mob Orders	Y N NA			
Tour Start Date (YYMMDD):	Mob Orders	Y N NA			
Basic Pay - Review long tour	Mob Orders	Y N NA			
Rank Change	Orders 4187	Y N NA			
PEBD (YYMMDD):					
Direct Deposit	SF 1199	Y N NA			
FITW/SITW	W-4	Y N NA			
State of Legal Residence	DD 2058	Y N NA			
Basic Allowance Housing (BAH)	Lease/Mortgage DA 5560	Y N NA		If a rental agreement, the document must be notarized.	
BAH-DIFF, Garnishment	Court Order	Y N NA		Requires proof of payment.	
Family Separation Allowance (FSA)	DD 1581	Y N NA			
BAS	Mob Orders	Y N NA			
COLA, OCONUS, OHA	DA 4187	Y N NA		Refer to page 144 for OHA	
Bonus (Req rec'd from bonus Incent. Mgr.)	Contract	Y N NA			
Officer Uniform/Clothing Allowance	USARC 30-R (USAR)	Y N NA		For ARNG, a Memo signed by the unit commander	
Enlisted Clothing Replacement Allowance	Mob Orders	Y N NA		Annual paid by ARNGFSC/UIC	
SGLI and FSGLI (Initiate/Update)	SGLV 8286/A	Y N NA			
Allotments (applies to AGRs only)	DD 2558	Y N NA			
myPay Account	www.dfas.mil	Y N NA			
Change Address	USARC 22-R	Y N NA			
Thrift Savings Plan (TSP), confirm % ded.		Y N NA			
Savings Deposit Program (SDP)	DD 1131	Y N NA			
AKO Access		Y N NA			
Pay, Travel and Allowances Briefing		Y N NA			
Government Travel Card Act/Deact		Y N NA			

FINANCE MOBILIZATION AND DEMOBILIZATION DOCUMENTATION REQUIREMENTS CHECKLIST
6 MAY 2005

1. NAME (Last, First, Middle):	2. SSN:	3. RANK:	4. HOME ADDRESS:	5. HOME PHONE:	Submit to
1a. (Military Spouse, if applicable)	2a.	3a.	4a.	5a.	
6. COMPONENT: (Select one) AC AGR RC ARNG IRR IMA ARNG 10 ARNG 32 OTHER					USPFO UPC
7. PARENT UNIT AND UNIT PHONE NUMBER:		8. UIC:	9. DUIC:	10. DATE COMPLETED:	
DEMOBILIZATION/HOME STATION - STOP	REQUIRED DOCUMENTATION	ACTION TAKEN?			REMARKS
Review/Change (not cancel) Long Tour	Demob Orders	Y	N	NA	Canceling a tour requires the supervisor's approval
FSA, except Title 10 Soldiers	Demob Orders	Y	N	NA	
BAS	Demob Orders	Y	N	NA	
HDP/HFP/DPICZTE	FI Manifest	Y	N	NA	
Paid Accrued Leave Sold	Demob Orders, DA 31, DD 214	Y	N	NA	
Charged all Leave Days Taken (see rmls)	DA 31	Y	N	NA	Obtain the Leave Certification form the unit commander
Enlisted clothing due for full or prorated?		Y	N	NA	
Pay, Travel and Allowances Briefing		Y	N	NA	
SPECIAL INCENTIVE PAYS:		Y	N	NA	
Bonus		Y	N	NA	
FLPP		Y	N	NA	
Demolition		Y	N	NA	
Medical		Y	N	NA	
SDAP		Y	N	NA	
JUMP		Y	N	NA	
Board Certification		Y	N	NA	
Travel Settlement Briefing, Certification	See Annex G	Y	N	NA	Unit forwards vouchers to DFAS-IN for payment
100% post-REFRAD pay audit	Demob Orders, 214, DA 31, etc	Y	N	NA	DMS: CONDUCT 30 DAYS AFTER REFRAD; HB: CONDUCT BETWEEN 31 & 60 DAYS AFTER REFRAD
FINANCE TECHNICIAN'S GRADE, PRINTED NAME & SIGNATURE	DATE (DDMMYY)				

APPENDIX C

DIMHRS PROBLEMS AND STATUS

In an attempt to correct the lack of integrated systems that cause deficiencies in pay, the Army thus far has not been able to introduce the Defense Integrated Military Human Resources System (DIMHRS) successfully. DIMHRS is a congressionally mandated program led by the Department of Defense (DOD) that will provide the armed services with an integrated, multi-component, personnel and pay system (DIMHRS 2009). If implemented, DIMHRS will replace approximately 80 existing pay and personnel systems across the four Services and the Defense Finance and Accounting Service (DFAS) (DIMHRS FAQs 2009). Within the Army alone, DIMHRS will merge 70 management and data systems (Tice 2009). In addition, DIMHRS is supposed to address the problems that occur when Reserve Component (RC) Soldiers are called up to active duty and are lost in the system; this process coupled with inaccurate entries affect their pay, credit for service, and benefits (DIMHRS FAQs 2009). Thus far, the Army has not been able to incorporate DIMHRS and its full implementation remains uncertain at this point.

The DOD has postponed DIMHRS deployment dates for the Army on five different occasions. The failed attempt dates includes April 2006, April 2008, July 2008, October 2008, and more recently on March 2009 (GAO 2008, 1). Moreover, in a 2005 Government Accountability Office (GAO) report, due to the DOD not managing the DIMHRS program effectively to include its requirements, DIMHRS was at risk of not delivering the systems capabilities and benefits on time as promised. In this 2005 study, several weaknesses were identified as factors in the DOD's effort to manage effectively

DIMHRS implementation to include cultural reluctance to department wide solutions (GAO 2008, 2). Ever since this 2005 report, under the authority of the Comptroller General for the U.S., the GAO has monitored DOD's progress in managing the DIMHRS program implementation to include how well the department communicates the system's capabilities to the Army.

In a more recent report in 2008, the GAO identified lack of effective communication as a weakness for DIMHRS implementation. In this latest study, Army officials complained that when the DIMHRS program office does not effectively communicate to them the differences between its requirements and the system, they have difficulty conducting a "gap analysis" between the system's planned capabilities and their own requirements (GAO 2008, 3). This gap analysis lets the Army know whether it needs to develop or adjust its business processes prior to deploying DIMHRS. However, the DOD has not developed nor documented a clear process for maintaining effective communications of the differences between DIMHRS's capabilities and Army requirements, thus the Army may not be prepared to deploy the system when scheduled. Furthermore, this report concluded that the DOD might deliver a system that will require extensive and expensive investments (GAO 2008, 3).

Currently, DIMHRS has moved from a DOD to a Service level program. In other words, the Army will have more control directed to the final product. DIMHRS developers, which include the Defense Business Transformation Agency (BTA) and Northrop Grumman, are completing the pay centric core capability package (California Army National Guard DIMHRS Gram 2009). The BTA's Enterprise Program Management Office (EPMO) controls the test schedule and the Army components

provide the personnel to support the test effort. The Army components are conducting a review of the DIMHRS functional and technical requirements with focus on relevant statutory or policy changes that are not correctly reflected in the existing DIMHRS Operational Requirement Document (ORD) (California Army National Guard DIMHRS Gram 2009). Additionally, DIMHRS is currently referred to as Army Integrated Personnel and Pay System (IPPS) based on the writings of September's Acquisition Decision Memorandum (ADM), but this is not intended to be the final official name (Chinowsky 2009). So far through fiscal year 2009, the cost estimates for DIMHRS includes approximately \$1 billion (GAO 2008, 2).

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