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Accountability \* Integrity \* Reliability

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Congressional Requesters

Subject: *Military Pay: DOD Improperly Paid Army National Guard and Army Reserve Soldiers in Deserter Status*

Over the past several years, we have reported<sup>1</sup> examples of hundreds of Army National Guard and Army Reserve (Army Guard and Reserve) soldiers who received inaccurate and untimely payroll payments due to a labor-intensive, error-prone pay process; human capital weaknesses; and the lack of integrated pay and personnel systems. As part of that work, we reported several cases for which mobilized Army Reserve soldiers never reported for active duty and improperly received pay that they did not earn. If a soldier remains absent, without authority, from his or her unit, organization, or place of duty with intent to remain away permanently, a soldier is guilty of desertion.

Desertion from the military is a serious offense. The civilian law enforcement community sometimes assists the Army on desertion cases. For example, the U.S. Army Deserter Information Point (USADIP) enters data about soldiers in deserter status into the Federal Bureau of Investigation National Crime Information Center's (NCIC) Wanted Person File that is used by civilian law enforcement officers. Whenever a civilian law enforcement officer has reason to question someone about any apparent unlawful activity, standard practice for the law enforcement officer is to determine whether there are any outstanding warrants for the arrest of that person. If the person is a soldier with an outstanding arrest warrant for desertion, the civilian law enforcement officer is to arrest and hold the soldier until the soldier can be transferred to military custody for subsequent legal proceedings to determine innocence or guilt.

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<sup>1</sup> GAO, *Military Pay: Inadequate Controls for Stopping Overpayments of Hostile Fire and Hardship Duty Pay to Over 200 Sick or Injured Army National Guard and Army Reserve Soldiers Assigned to Fort Bragg*, GAO-06-384R (Washington D.C.: Apr. 27, 2006); *Military Pay: Gaps in Pay and Benefits Create Financial Hardships for Injured Army National Guard and Reserve Soldiers*, GAO-05-125 and GAO-05-322T (Washington, D.C.: Feb 17, 2005); *Army National Guard: Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers*, GAO-05-79 (Washington, D.C.: Jan. 31, 2005) and GAO-05-400T (Washington, D.C.; Mar. 16, 2005); *Military Pay: Army Reserve Soldiers Mobilized to Active Duty Experienced Significant Pay Problems*, GAO-04-911 (Washington, D.C: Aug. 20, 2004); and *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems*, GAO-04-89 (Washington, D.C.: Nov. 13, 2003).

This report follows up on earlier-identified issues concerning Army Guard or Reserve soldiers who did not report for active duty and who may have continued to get paid. Specifically, as part of our earlier work we had notified the Army Reserve 99<sup>th</sup> Regional Readiness Command about a number of Reserve soldiers who were improperly paid after they failed to report for duty related to the Global War on Terrorism (GWOT). The objectives of this investigation were to (1) determine what the 99<sup>th</sup> Regional Readiness Command had done regarding the Reserve soldiers assigned to the 1004<sup>th</sup> Quartermaster Company who failed to report for duty as ordered and whether their retention of the pay represented possible criminal behavior, (2) look for other examples of improper pay to Army Guard and Reserve soldiers who were charged with desertion related to GWOT missions, and (3) determine the status of arrest warrants for any soldiers charged with desertion that we identify.

### **Summary of Investigation**

We confirmed that at least seven Army Reserve soldiers assigned to the 1004<sup>th</sup> Quartermaster Company, located in Greensburg, Pennsylvania, did not report for active duty in December 2003 in accordance with their orders. During the following 8-month period, they cumulatively improperly accepted \$195,000 of military pay. The Army Reserve did not stop improper military pay to these soldiers until we notified Reserve officials in August 2004 during a prior assignment. Even after our notification, one of the seven soldiers continued to be paid for an additional 8 months and accepted a total of about \$58,000 in improper payments, including about \$28,000 for the later 8-month period. We found no evidence that arrest warrants had been filed against any of the seven soldiers as of May 2006.

Our limited investigation showed that at least 68 additional soldiers, 38 with the Army Guard and 30 with the Army Reserve, received improper and potentially fraudulent pay, estimated at \$684,000, while in a deserter status. This number and amount likely significantly understates the number and amount the Department of Defense (DOD) paid to Army Guard and Reserve soldiers in deserter status. Army, Army Guard, and Reserve officials acknowledged that they were unaware of the extent to which Army Guard and Reserve soldiers in deserter status improperly received potentially fraudulent military pay. They explained that determining the extent to which soldiers charged with desertion continue to receive improper payments is difficult for several reasons. First, initiating and processing desertion cases depend upon unit commanders preparing timely manual paperwork. Second, there is no central database that electronically stores this paperwork. Without these data, military leaders do not have readily available aggregate data affording visibility over the number of desertion cases initiated. Additionally, they do not have a readily available tool to match against pay data to ensure that soldiers in deserter status have not been paid.

Knowingly keeping unearned military pay is potentially fraud. Additionally, many of the 75 cases (7 cases from the 1004<sup>th</sup> Quartermaster Company and the 68 other cases) of Army Guard and Reserve soldiers in deserter status that we identified as having received unearned pay may have willfully converted the pay to their own use, which is punishable by a maximum confinement of 10 years.<sup>2</sup> For example, six of the seven Reserve soldiers who were assigned to the 1004<sup>th</sup> Quartermaster Company admitted to us that they received unearned military pay when we initially interviewed them in late 2004. Of these six, five told us that they had spent the money and one said she had put the money in a separate bank account. Although we confirmed that the seventh soldier also received unearned military pay, she advised us that she thought that the money she had received was an educational benefit.

Subsequently, between April 2005 and September 2005, the Defense Finance and Accounting Service (DFAS) sent the first debt collection letter to each soldier asking for repayment of the unearned pay. Little has been repaid thus far. DFAS information shows that about 9 percent of the estimated \$195,000 in improper payments had been repaid as of May 2006. Two of the seven soldiers had not yet made any repayments.

Arrest warrants had been issued for 51 of the 75 soldiers. Regarding the soldiers from the 1004<sup>th</sup> Quartermaster Company, USADIP had no record of arrest warrants. However, 1 of the 7 soldiers voluntarily surrendered to military authorities and received an other than honorable discharge from the military in December 2005 in lieu of a court-martial. Thus, all 51 arrest warrants applied to the 68 other deserter cases we identified. As of May 11, 2006, 18 of the 51 had been apprehended by civilian authorities, 2 soldiers had voluntarily surrendered to military authorities, and 31 soldiers remained at large.

### **Scope and Methodology**

To investigate whether any Reserve soldiers who were assigned to the 1004<sup>th</sup> Quartermaster Company in Greensburg, Pennsylvania, received military pay for duties that they did not perform, we reviewed DFAS pay account data for soldiers for whom we received investigative leads about potential improper payments. We looked for any pay that they received after the date that they failed to report for duty as required by their mobilization orders. To investigate whether any of the Army Reserve soldiers were potential deserters, we interviewed their company commander and several people responsible for their personnel status at their company, their battalion, and the 99<sup>th</sup> Regional Readiness Command. In addition, we reviewed available paperwork regarding the deserter status of these soldiers. Their chain of command provided limited paperwork, including copies of personnel forms recommending deserter status for seven soldiers. We interviewed these seven soldiers to determine their awareness of receipt of improper payments. We also developed case studies to illustrate the experience of these seven soldiers.

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<sup>2</sup> 18 U.S.C. § 641.

To determine whether the 7 cases were isolated cases or part of a larger problem, we compared the list of active desertion cases on 2 days with DFAS pay data and identified another 68 cases where soldiers were paid with GWOT funds while in deserter status. On April 23, 2005, and March 8, 2006, we obtained USADIP's working file for arrest warrants, which contained names of Army Guard and Army Reserve soldiers who had been charged with desertion. The number of names in this working file varies. For example, names are deleted whenever soldiers surrender or are apprehended. Conversely, names are added when USADIP receives new desertion cases. Our investigation was not designed to determine the total number of Army Guard and Reserve deserters who were not paid. In addition, the scope of our investigation did not include verification of the accuracy of soldiers' pay accounts.

Because of data reliability concerns we identified in our prior work,<sup>3</sup> we did not rely on DFAS records to calculate precise improper payments. Instead, we estimated improper payments based on the time period, starting with the date the soldier was dropped from the Army's personnel availability rolls because of desertion status until the date the soldier's improper pays were stopped. We performed procedures to assure ourselves that the data we used were sufficient for our purposes. We provided Army officials an opportunity to confirm our estimates and take appropriate action, including initiating criminal proceedings and recovering improper payments.

To determine the status of arrest warrants for the previously mentioned 7 soldiers assigned to the 1004<sup>th</sup> Quartermaster Company and the other 68 GWOT soldiers charged with desertion that we identified, we obtained information from USADIP for these specific soldiers. We independently confirmed the number of outstanding arrest warrants USADIP reported to us as of May 11, 2006, by verifying that NCIC also listed outstanding arrest warrants for the same soldiers.

We informed the 99<sup>th</sup> Regional Readiness Command about our initial concerns stemming from investigative leads about soldiers in potential desertion status receiving unearned pays in August 2004. Regarding this investigation, we requested comments from the Secretary of the Army, the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense (Personnel and Readiness) who conveyed DOD's position. We conducted this investigation, including follow-up on our seven case studies, from April 2005 through May 2006 in accordance with quality standards for investigations as set forth by the President's Council on Integrity and Efficiency.

## **Background**

A soldier is guilty of desertion when, without authority, he or she remains absent from his or her unit, organization, or place of duty with intent to remain away permanently. Desertion from the military is a serious offense with serious legal

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<sup>3</sup> GAO, *Global War on Terrorism: DOD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Cost*, GAO-05-882 (Washington, D.C: Sept. 21, 2005).

consequences. Soldiers charged with desertion who knowingly keep military pay that they did not earn may also be found guilty of fraud and/or conversion or theft of government funds, which is punishable by a maximum confinement of 10 years.

In the Army Guard and Army Reserve, the process for charging a soldier with desertion begins with unit commanders. Unit commanders are required to maintain accountability for all personnel assigned to their units, including those soldiers who fail to report for active duty. When a unit commander determines there is no legitimate reason for a soldier's absence, the commander has 48 hours to report the soldier as absent without leave to the installation's personnel office, provost marshal, deserter control officer, and finance office.<sup>4</sup> The unit commander is to use a personnel action form (DA Form 4187) to document unauthorized absences and as justification to stop the pay and benefits of a soldier absent without leave.

Once a commander determines that the absent soldier knew of or received mobilization orders and the soldier fails to report for duty 30 days<sup>5</sup> after the orders require, the unit commander is required to change the soldier's duty status to deserter and to inform the commander, personnel control facility.<sup>6</sup> Within 72 hours of the desertion determination, the unit commander is to send the control facility commander copies of the initial paperwork required to charge the soldier with desertion and drop the soldier from the rolls.<sup>7</sup> Within 30 days of reporting a soldier as a deserter, the unit commander must complete paperwork (called deserter packets) to drop the soldier from the rolls and forward it to the Chief of USADIP. "Dropped from rolls" is an administrative action that removes the soldier from the unit's personnel strength—or the number of soldiers available for deployment.

As we have previously reported, internal control weaknesses in Army processes, human capital problems, and the lack of integrated systems caused improper payment of active duty military pay. As our prior reports have shown, active duty military pay is initiated by finance offices and continues for the period of time specified on the soldier's mobilization orders—typically for 1 to 2 years for mobilized

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<sup>4</sup> This requirement became effective January 22, 2005. Commanders were previously required to report absent personnel to the provost marshal and had no time limits to do so. See AR 630-10 (Aug. 31, 2001) and as revised, December 22, 2003.

<sup>5</sup> The Army's previous policy only required that the commanders wait 7 days, notwithstanding their ability to determine whether a soldier received his/her orders, before placing the soldier into deserter status. See AR 630-10, para. 6-2b (2), 6-5b (Dec. 22, 2003).

<sup>6</sup> There are two personnel control facilities, one at Fort Sill, Oklahoma, and the other at Fort Knox, Kentucky.

<sup>7</sup> The initial paperwork includes a completed DA Form 4187 requesting that the soldier's duty status be changed to deserter, a completed DD Form 553 providing the absentee's personal information for the law enforcement officials who will be responsible for arresting the absentee, and a completed DD Form 458 charging the soldier with desertion. The final paperwork for dropping a soldier from the rolls includes the three completed forms and the supporting investigative documentation.

Army Guard and Reserve soldiers—unless finance offices receive authorization to stop military pay before the mobilization end date stated on these orders.

USADIP is responsible for initiating arrest warrants for all Army soldiers charged with desertion, including Army Guard and Reserve soldiers. After reviewing the deserter information packets for completeness, USADIP is to enter data regarding these soldiers into NCIC's Wanted Person File that contains data on outstanding arrest warrants. There is no statute of limitations for arrest warrants. Arrest warrants are valid until the wanted soldier (1) voluntarily surrenders to military authorities, (2) is arrested by military police or civilian law enforcement officers, or (3) dies. The USADIP Chief told us there is no systematic effort to locate these individuals, and DOD military police are not routinely charged with the responsibility for finding and arresting soldiers charged with desertion. Instead, whenever a civilian law enforcement officer has reason to question someone about any apparent unlawful activity, the law enforcement officer also checks NCIC to determine whether there are any arrest warrants for that person. If the person is a soldier and there is an outstanding military arrest warrant, the civilian law enforcement officer arrests and holds the soldier until the soldier is transferred to military custody for subsequent legal proceedings leading to acquittal or conviction and punishment for desertion.

### **Details of Investigation – 1004<sup>th</sup> Quartermaster Company, Greensburg, Pennsylvania**

We confirmed that at least seven Army Reserve soldiers assigned to the 1004<sup>th</sup> Quartermaster Company, in Greensburg, Pennsylvania,<sup>8</sup> under the authority of the 99<sup>th</sup> Regional Readiness Command, received improper and potentially fraudulent payments totaling an estimated \$195,000. We also found that USADIP had no record of arrest warrants for these soldiers for failure to report for duty when we initially referred this problem to the 99<sup>th</sup> Regional Readiness Command in August 2004.

As of May 2006, we determined that one of the seven soldiers had been discharged from the Reserve under other than honorable conditions in lieu of a court-martial. Although a human resource officer with the 99<sup>th</sup> Regional Readiness Command told us that a second soldier had received an honorable discharge after a surgeon determined that the soldier was unfit for military retention, the soldier told us that she had not received a Certificate of Release or Discharge from Active Duty (DD Form 214) authorizing her discharge from the Army Reserve. The human resource officer informed us that the 99<sup>th</sup> Regional Readiness Command had sent deserter packets for the other five soldiers to the U.S. Army Reserve Command in March 2005 but did not know the status of those cases.

Improper payments to these seven soldiers had been made each pay period during the 8 months from the December 2003 mobilization date through our initial August

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<sup>8</sup> Each of the seven soldiers had been transferred from other units within the 99<sup>th</sup> Regional Readiness Command into the 1004<sup>th</sup> to increase the number of soldiers within the 1004<sup>th</sup> for a prior deployment.

2004 inquiry and stopped shortly thereafter. It took another 8 months to stop payments to the seventh soldier, who received more than \$58,000 in total estimated improper payments, including about \$28,000 improperly paid to this soldier after our initial notification. Only a small amount of the improper payments had been repaid as of May 2006.

The unit commander for the soldiers assigned to the 1004<sup>th</sup> Quartermaster Company did little to prevent or detect improper payments to these seven soldiers, who admitted to us that they did not report for active duty at the required location. The unit commander did not maintain accountability for their physical presence at their assigned duty location or monitor their pay in a timely manner as required. The unit commander should have ensured desertion paperwork was completed within 7 days after the report date stated on the soldiers' active duty orders, as required by Army policy in effect at that time, unless there was a legitimate reason for their absence from duty.















About 6 weeks after the seven soldiers failed to report for active duty on December 7, 2003, as directed by their mobilization orders, the unit commander signed paperwork requesting that his senior officers approve personnel actions documenting that six of the seven soldiers were absent without approved leave. He subsequently signed additional paperwork for the six soldiers recommending approval of additional personnel actions for desertion. However, he did not ensure that finance officials stopped the soldiers' pay. Although we found no evidence that the 1004<sup>th</sup> Quartermaster Company completed personnel actions for the seventh soldier, another reserve official assigned to the 99<sup>th</sup> Regional Readiness Command recommended approval for personnel actions documenting that the seventh soldier was both absent without approved leave and in desertion status. We also found that no one timely stopped the pay for the seventh soldier.

During our interview with the Commander for the 1004<sup>th</sup> Quartermaster Company, he acknowledged not completing or overseeing completion of the necessary support for the deserter packets that are required to be sent to USADIP and others. The commander told us that he believed deserter soldiers were his reserve battalion's responsibility. The 99<sup>th</sup> Regional Readiness Command, which had oversight responsibility for the 1004<sup>th</sup> Quartermaster Company, provided no information regarding whether anyone else in the seven soldiers' chain of command knew anything about their failure to report for duty. In fact, several individuals whom we spoke with at the 99<sup>th</sup> Regional Readiness Command explained that this problem was not limited to the 1004<sup>th</sup>. Additionally, the USADIP Chief explained that compiling deserter packets were not a high priority for commanders and that they did not understand deserter processing procedures. The USADIP Chief estimated that 30 to 35 percent of the deserter packets USADIP receives are incomplete and returned to the points of origin without action taken to issue arrest warrants.

It was not until April 2005 that the first debt collection letter was sent to one of the seven soldiers. Letters demanding payment were sent to the other six soldiers

between June and September 2005. The amount of debt established by DFAS for the seven soldiers—about \$187,000—was in the same order of magnitude as our estimated \$195,000 in improper payments. Only about 9 percent of the improper payments have been repaid, and as shown in figure 1, two of the seven soldiers have yet to repay anything as of May 2006.

**Figure 1: Army Reserve Soldiers Who Accepted Improper and Potentially Fraudulent Military Pay**

Soldier's rank/ civilian employment	Home unit	Deserter date on Form 4187	GAO-estimated unearned military pay <sup>a</sup>	DFAS demand for payment <sup>b</sup>	DOD established debt for unearned military pay <sup>c</sup>	Amount paid <sup>d</sup>
 1. Specialist/ nurse's aide	Maryland 	12/15/03	\$58,000	9/8/05	\$58,712	\$0
 2. Sergeant/ unemployed	Maryland 	12/15/03	\$37,000	4/18/05	\$31,118	\$10,543
 3. Staff Sergeant/ administrative assistant	Maryland 	12/15/03	\$26,000	6/15/05	\$25,524	\$6,836
 4. Sergeant/ firefighter	Maryland 	12/15/03	\$22,000	7/20/05	\$21,858	\$50
 5. Specialist/ student	Maryland 	12/15/03	\$17,000	7/13/05	\$16,772	\$0
 6. Private 1st class/ unemployed	Virginia 	12/15/03	\$17,000	6/10/05	\$15,378	\$300
 7. Specialist/ student	Maryland 	12/15/03	\$18,000	7/20/05	\$17,214	\$248

Source: GAO.

<sup>a</sup>GAO estimated unearned pay by reviewing DFAS pay extracts and calculating payments made to the soldiers after the date that they were dropped from personnel availability rolls due to deserter status.

<sup>b</sup>Date of the initial letter from DFAS to the soldier asking for payment to recoup amounts paid to the soldier while in deserter status and previous absent without leave status. According to a DFAS official, the debt was for nonperformance of duty, which is equivalent to unearned pay.

<sup>c</sup>DOD established debt for unearned military pay does not equal GAO-estimated unearned pay because some amount may have been repaid by the soldier before the DFAS demand for payment was issued or because of other information that DFAS had obtained subsequent to our estimates.

<sup>d</sup>Amounts paid as of May 2006.

During our interviews with the seven soldiers, each admitted to failing to report for active duty and six admitted to knowingly receiving military pay that they did not earn. One soldier told us that she believed that the payments that she received were financial educational benefits. However, our investigation confirmed that this soldier



received about \$17,000 in military pay under the GWOT code after being charged with desertion. Knowingly keeping unearned military pay is potential fraud and/or potential conversion or theft of government funds, which is punishable by a maximum confinement of 10 years.

One of the two soldiers who did not repay any debt during our investigation voluntarily surrendered to military authorities as a deserter. He subsequently received an other than honorable discharge from the military in December 2005 that stated that it was in lieu of a court-martial.

The results of our interviews with these seven soldiers are summarized below. Case numbers correspond to the case numbers of the soldiers listed in figure 1.

Case 1: Soldier was a specialist in an Army Reserve, Maryland unit and was a nurse's aide in civilian life. We confirmed that the soldier resided at the address stated on his mobilization orders. Although the soldier said he never received written mobilization orders, he did admit that he received a phone call from his Maryland Reserve unit in October 2003 advising him that he was going to be transferred to a Reserve unit in Pennsylvania. He also admitted that he received a phone call in November 2003 from his new Reserve unit, advising him that he was going to be mobilized to active duty. The soldier acknowledged receiving active duty pay beginning in January 2004 and continued to receive pay until April 2005. Although he was aware that he was not entitled to this military pay since he did not report for active duty, he said he used the money. He told our investigators that if required, he would be willing to make restitution to the Army for the improper payments, which according to DFAS pay data, totaled about \$58,000. DFAS records show that he has not paid any of his debt as of May 2006.

Case 2: Soldier was a sergeant in an Army Reserve, Maryland unit and was unemployed in civilian life at the time of our investigation. We confirmed that the soldier resided at the address stated on her mobilization orders. However, the soldier said that she never received any notice that she had been mobilized to active duty. The soldier acknowledged receiving active duty pay beginning in December 2003. She also acknowledged that she was aware that she was not entitled to this military pay since she did not report for active duty. According to the soldier, she contacted her Reserve unit in December 2003 to report the overpayments. In October 2004, she told our investigators that she spent the overpayments and would make restitution to the Army, which according to DFAS pay data, totaled about \$37,000. According to DFAS records, she subsequently paid \$10,543 of her debt as of May 2006.

Case 3: Soldier was a staff sergeant in an Army Reserve, Maryland unit and worked in administration at a pharmacy office in civilian life. She said she received notice that she had been mobilized to active duty in November 2003. She also acknowledged that she started receiving active duty checks beginning in December 2003, continued to receive these checks until August 2004 and used the money. She said she was aware that she was not entitled to this military pay since she failed to

report for active duty in November 2003. According to DFAS pay data, these improper payments totaled about \$26,000. DFAS records also show that she has paid about \$6,836 as of May 2006.

Case 4: Soldier was a sergeant in an Army Reserve, Maryland unit and was a firefighter in civilian life. We confirmed that the soldier resided at the address stated on his mobilization orders. He said he received his mobilization orders to active duty in mid-December 2003. The soldier acknowledged receiving active duty pay beginning in December 2003 and said he was aware that he was not entitled to this military pay since he did not report for active duty. He said he spent the money. He also told our investigators that he wanted to make restitution to the Army for the overpayments, which according to DFAS pay data, totaled about \$22,000. DFAS records also show that he has paid about \$50 as of May 2006.

Case 5: Soldier was a specialist in an Army Reserve, Maryland unit and was a student in civilian life. We confirmed that the soldier resided at the address stated on her mobilization orders. However, the soldier said that she never received any notice that she had been mobilized to active duty. The soldier did acknowledge that she started receiving bimonthly active duty checks beginning in December 2003 and continued to receive these checks until August 2004. She said she thought the checks were educational payments. However, according to DFAS pay data, this soldier received about \$17,000 in military pay under the GWOT code after being dropped from personnel rolls due to deserter status. DFAS records also show that she has not paid any of her debt as of May 2006.

Case 6: Soldier was a private first class in an Army Reserve, Virginia unit and was unemployed in civilian life at the time of our investigation. We confirmed that the soldier resided at the address stated on his mobilization order at the time the order was issued. However, the soldier said that he never received any notice that he had been mobilized to active duty. The soldier did acknowledge that he started receiving active duty payments beginning in December 2003 and continued to receive these payments until August 2004. He said he was aware that he was not entitled to this military pay since he did not perform any military duty during the pay periods from December 2003 through August 2004 and that he spent the money for his personal use. He said he would be willing to make restitution to the Army for the improper payments, which according to DFAS pay data, totaled about \$17,000. DFAS records also show that he has paid about \$300 as of May 2006.

Case 7: Soldier was a specialist in an Army Reserve, Maryland unit and was a student in civilian life. She said that she was an active duty member of the U.S. Army and was honorably discharged in August 2002. Shortly after her discharge, she joined the Army Reserve and became a member of the 374<sup>th</sup> Finance Detachment located in Owings Mill, Maryland. In November 2002 she was involuntary transferred to the 424<sup>th</sup> Medical Logistics Unit in Pennsylvania and on November 8, 2003, she was transferred to the 1004<sup>th</sup> Quartermaster Company in Greensburg, Pennsylvania. Although mobilization orders required her to report to her new unit—the 1004<sup>th</sup>—on

December 7, 2003, she said she continued to report for monthly drill with the 374<sup>th</sup>. Drill records indicate that she attended drills for the 374<sup>th</sup> in November and December 2003 and January and February 2004. She acknowledged receiving active duty pay beginning in December 2003 and said she was aware that she was not entitled to this unearned military pay since she failed to mobilize for active duty with the 1004<sup>th</sup>. She told us that she kept the unearned money in a separate account. She also stated that she saw a debt on her leave and earnings statement but she believed that the amount of debt was inaccurate. DFAS pay data show that she was improperly paid about \$18,000. DFAS records also show that she has paid about \$248 as of May 2006.

### **Details of Investigation – Other Cases**

In addition to the 7 soldiers assigned to the 1004<sup>th</sup> Quartermaster Company who improperly received unearned military pay, we identified 68 other soldiers, 38 with the Army Guard and 30 with the Army Reserve, who continued to receive military pay that we estimated to total \$684,000 after they were charged with desertion.<sup>9</sup>












































































































































































The improper payments continued for all 68 soldiers after desertion charges were made by unit commanders from calendar year 2001 through February 2006. Arrest warrants were issued for 51 of the 68 soldiers wanted for desertion. As of May 11, 2006, 18 of the 51 soldiers had been apprehended by civilian authorities, 2 soldiers voluntarily surrendered to military authorities, and 31 soldiers remained at large (listed in NCIC as having an outstanding arrest warrant). Arrest warrants had not been issued for 17 of the 68 soldiers at that time.

A summary of the improper payments by year and related arrest warrant status is shown in figure 2.

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<sup>9</sup> Although we asked DFAS for the amount of outstanding debt on their records for these 68 soldiers, a DFAS official told us that the data were not readily available and that some of the data had been purged.

**Figure 2: Other Army Guard and Reserve Soldiers Who Accepted Improper and Potentially Fraudulent Military Pay**

Calendar year	Estimated improper payments	Soldiers charged, warrants issued, and warrants outstanding	 Represents one soldier charged	 Represents one soldier apprehended or surrendered	 Represents one outstanding warrant
<b>2001-2006 total<sup>a</sup></b>	<b>\$684,000 total</b>	<b>Total charged: 68</b> <b>Total warrants issued: 51</b> <b>Total warrants outstanding: 31</b>			
2001	\$52,000	Charged: 1 Issued: 1 Outstanding: 1			
2002	\$47,000	Charged: 3 Issued: 2 Outstanding: 0	  		 
2003	\$140,000	Charged: 17 Issued: 17 Outstanding: 13	                         		                         
2004	\$272,000	Charged: 30 Issued: 18 Outstanding: 7	                         		                         
2005	\$161,000	Charged: 14 Issued: 11 Outstanding: 8	                         		                         
2006 <sup>a</sup>	\$12,000	Charged: 3 Issued: 2 Outstanding: 2	  		 

Source: GAO.

<sup>a</sup>Data for 2006 represent desertion charges made in January and February.

Although we identified 68 soldiers in deserter status, this number likely understates the problem. Determining the extent to which soldiers charged with desertion continue to receive improper payments is difficult for several reasons. First, initiating and processing desertion cases depend upon unit commanders preparing timely manual paperwork. Second, there is no central database that electronically stores this paperwork. Without these data, military leaders do not have readily available aggregate data affording visibility over the number of desertion cases initiated. Additionally, they do not have a readily available tool to match against pay data to ensure that soldiers in deserter status have not been paid.

The USADIP Chief informed us that the USADIP system was not intended to be and is not an historical source of all Army Guard and Reserve soldiers ever charged with desertion. Instead, it was designed to be a working file to track the status of arrest warrants. As such, the working file is not an accurate account of all soldiers in deserter status because USADIP

- manages arrest warrant status for only the desertion cases it receives and has no way to confirm whether all deserter packets for Army Guard and Reserve soldiers in deserter status have been prepared and approved,
- deletes the names of soldiers when informed about their apprehension or surrender, and

- returns incomplete desertion packets to the points of origin without initiating arrest warrants and is not required to follow up to ensure that the packets are completed properly and returned to USADIP in a timely manner.

In addition to the USADIP Chief, one Army official documented his concern about the processing of potential deserter cases. In a memorandum dated March 21, 2003, the Deputy Commanding General, U.S. Army Reserve Command stated,

*“The processing and reporting of USAR soldiers who fail to report for mobilization are primarily the USAR unit commander’s responsibility. In attempts to track the soldiers who have failed to report, it has become apparent that Commanders are not doing an adequate job of reporting and/or processing these soldiers in accordance with the applicable regulatory guidance.”*

Improper payments to soldiers charged with desertion were not unique to citizen-soldiers in the Army National Guard and Army Reserve called to active duty since the Army’s full-time soldiers in deserter status have also received improper payments. The U.S. Army Audit Agency issued a report on November 13, 2002, concerning the Army’s policy, procedures, and controls for reporting active duty Army soldiers in deserter status to the pay system and whether the pay and benefits of these Army soldiers were promptly curtailed. The results of the audit disclosed that policy, procedures, and controls for reporting deserters or absentee soldiers to the pay system did not ensure that pay and benefits for these Army soldiers were promptly curtailed. As a result, the Army made more than \$6.6 million in improper payments to 7,544 Army soldiers from October 2000 through February 2002 for pay that they did not earn. The report also noted that collection rates were only about 40 percent. The U.S. Army Audit Agency recommended policy changes to require concurrent notification to applicable pay and personnel offices whenever approved personnel forms documented a soldier’s unauthorized absence from duty. The requirement became effective in January 2005.<sup>10</sup>

## **Conclusions**

Unless the Army specifically identifies and mitigates the unique risks applicable to desertion cases, the Army will remain vulnerable to soldiers taking advantage of flawed pay and personnel systems, cumbersome processes, and weak human capital functions by accepting pay they did not earn. Army Guard and Reserve soldiers who fail to report to active duty when their units are mobilized do not meet the military obligation that they took an oath to fulfill when they enlisted and should not be rewarded by receiving pay for active duty they never performed. Our investigation showed that there are sometimes few or no consequences for soldiers—not only for desertion from their appointed place of duty but also for keeping unearned military pay. This is unfair to the vast majority of Army National Guard and Reserve soldiers who fulfill their military obligation by reporting for active duty, serving honorably, and earning the pay they deserve.

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<sup>10</sup> See footnote 4.

## **Corrective Action Briefing**

On June 16, 2006, we discussed the results of our investigation with Army, Army Guard, Army Reserve, and DFAS officials. We also provided them with details needed to take appropriate action on the 75 cases (7 cases from the 1004<sup>th</sup> Quartermaster Company and 68 other cases) involving Army Guard and Reserve soldiers in deserter status who had received improper and potentially fraudulent military pay.

In light of our investigative results, the officials acknowledged that there is a need for a joint effort by personnel and pay officials within Army, Army Guard, and Army Reserve components to develop a near-term strategy covering human capital, business processes, and systems issues relevant to potential desertion cases in order to provide better assurance that soldiers who do not report for duty are not paid. They stated that starting a componentwide effort would require a joint directive from Army, Army Guard, and Army Reserve top leadership with DFAS cooperation.

The officials were unaware of the extent to which Army Guard and Reserve soldiers failed to report for active duty and improperly received potentially fraudulent military pay. They also acknowledged that there is no readily available consolidated personnel data on potential Army Guard and Reserve desertion cases for centralized oversight and comparison with pay data. For example, National Guard Bureau officials did not ask for periodic information regarding the number of potential desertion cases initiated by Army Guard unit commanders. Although, the Army Reserve personnel representative said that starting in January 2003, Army Reserve staff informed her that a total of about 137 potential desertion cases had been sent to USADIP, she did not receive information from USADIP on the status of those cases, including how many deserter packets were returned to unit commanders because they were incomplete. She also informed us that she had no direct access to the pay records for the 137 potential deserters to determine whether the potential deserters received improper and potentially fraudulent military pay. She further stated that beyond the 137 cases, she had no visibility over the number of personnel forms recommending desertion status that had been prepared by unit commanders and presented in paper form to their supervisors for approval.

Both Army Guard and Reserve officials acknowledged that oversight of pay was a decentralized command responsibility and that unit commanders receive reports on who is being paid within their units that they should have reviewed to ensure that those soldiers who failed to report for active duty were not getting paid. Because the policies and procedures requiring commanders to notify finance offices to stop pay for soldiers who do not report for duty within 48 hours were clearly defined, the officials could not explain why some commanders were not complying with this requirement. While they noted that the future integration of pay and personnel systems may make it easy for a unit commander to push one button that would stop pay and start desertion processing when justified, they pointed out that the future

availability of such integration would still depend upon a commander's confirmation of the daily presence of all the soldiers under his or her command.

### **Recommendations for Executive Action**

Based on the input from officials attending our corrective action briefing and consistent with the ongoing efforts to improve Army Guard and Reserve pay account management that have been initiated in response to our previous reports, we recommend that the Secretary of Defense direct the Secretary of the Army, in conjunction with the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense (Personnel and Readiness), to take the following three actions:

- take appropriate action, including initiating criminal proceedings where warranted and recovering improper payments, on the 75 cases of potential desertion identified in this investigative report;
- identify other existing desertion cases to determine whether additional Army Guard and Reserve soldiers have received improper and potentially fraudulent military pay, take appropriate action including initiating criminal proceedings where warranted, and recover improper payments on any additional cases identified; and
- to provide better assurance going forward, direct a joint effort by Army, Army Guard, and Reserve components to (1) develop a near-term strategy covering the human capital, business processes, and systems issues relevant to potential desertion cases in order to provide better assurance that soldiers who do not report for duty are not paid and (2) in the cases where future improper and potentially fraudulent acceptance of unearned pay are detected, take appropriate action, including initiating criminal proceedings and recovering those improper payments.

### **Agency Comments**

The Director, Audit Follow-up and GAO Affairs in DOD's Office of Inspector General orally informed us, on the basis of information he received from applicable components, that DOD generally concurred with the report and recommendations.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its issuance date. At that time we will send copies of the report to other interested congressional committees, the Secretary of the Defense, the Under Secretary of Defense (Comptroller), the Under Secretary of Defense (Personnel and Readiness) and the Secretary of the

Army. We will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-7455 or [kutzg@gao.gov](mailto:kutzg@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in the enclosure.

A handwritten signature in black ink that reads "Gregory D. Kutz". The signature is written in a cursive style with a large, stylized initial "G".

Gregory D. Kutz  
Managing Director, Forensic Audits  
and Special Investigations

Enclosure



*List of Congressional Requesters*

The Honorable Tom Davis  
Chairman  
Committee on Government Reform  
House of Representatives

The Honorable Christopher Shays  
Chairman  
Subcommittee on National Security,  
Emerging Threats and International Relations  
Committee on Government Reform  
House of Representatives

The Honorable Todd Platts  
Chairman  
Subcommittee on Government Management,  
Finance, and Accountability  
Committee on Government Reform  
House of Representatives

The Honorable C. A. Dutch Ruppertsberger  
House of Representatives

Enclosure

**GAO Contact and Staff Acknowledgments**

**GAO Contact**

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**Acknowledgments**

In addition to the individual named above, Mary Ellen Chervenik, Assistant Director; Kord Basnight; Gary Bianchi; Dennis Fauber; Wil Holloway; Daniel Kaneshiro; Jason Kelly; Renee McElveen; John Ryan; and Wayne Turowski made key contributions to this report.

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