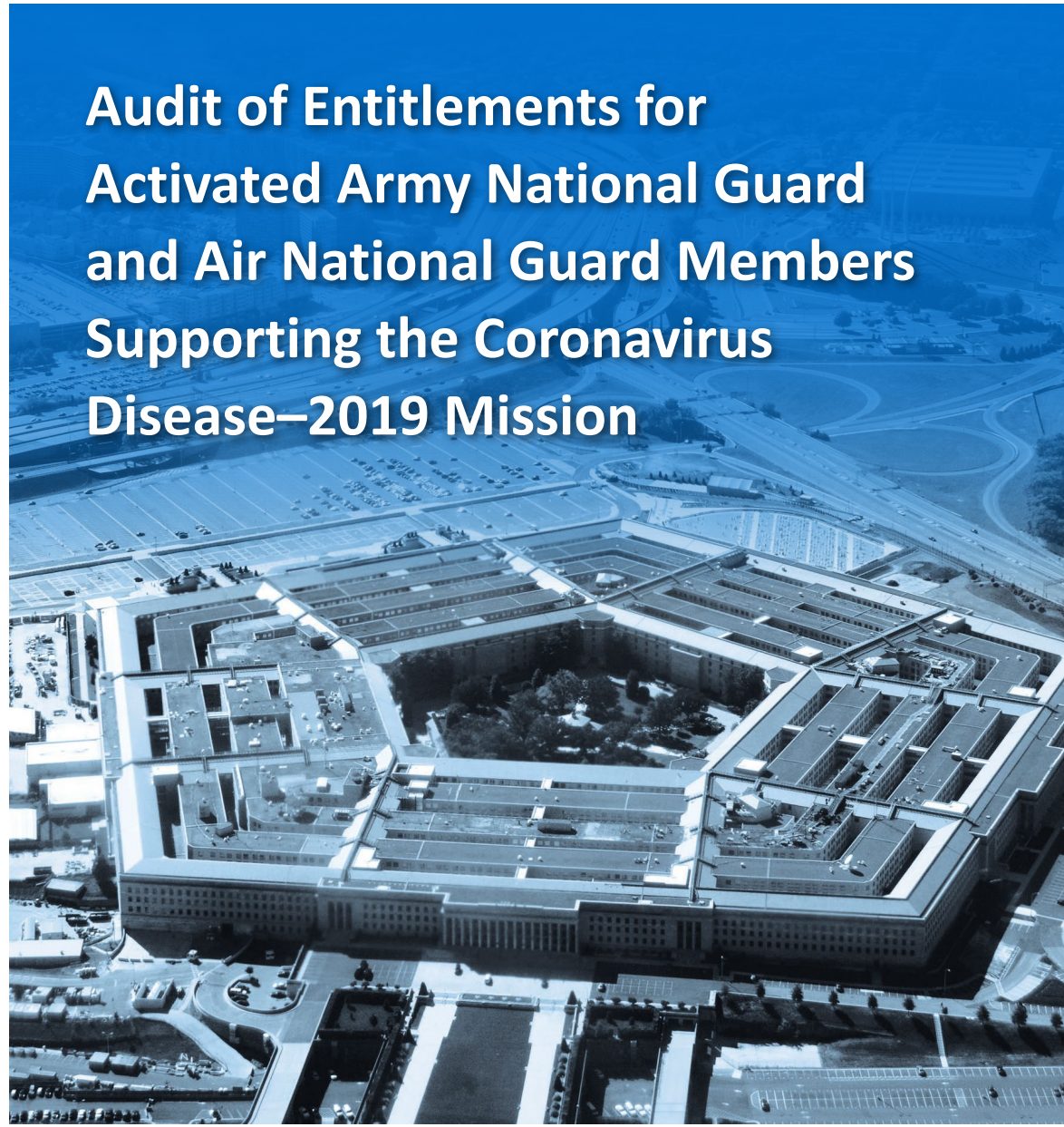




# INSPECTOR GENERAL

*U.S. Department of Defense*

MARCH 30, 2022



## **Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission**

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE







# Results in Brief

## *Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission*

March 30, 2022

### Objective

The objective of this audit was to determine whether the process for activating Army National Guard (ARNG) and Air National Guard (ANG) members in response to the coronavirus disease–2019 (COVID-19) pandemic ensured that entitlements were accurately identified and processed.

### Background

The Military Services of the Armed Forces include the Army, Marine Corps, Navy, Air Force, Space Force, and Coast Guard. The Military Services, except the Space Force, have Active and Reserve Components. In total, there are seven Reserve Components including the Army Reserve, ARNG, Air Force Reserve, ANG, Navy Reserve, Marine Corps Reserve, and Coast Guard Reserve. The Coast Guard Reserve is a Service of the Department of Homeland Security and the other six Reserve Components of the Armed Forces are DoD Components. The Reserve Components provide trained units and individual members that may be ordered to active duty in the Armed Forces in times of war and national emergencies. From the six DoD Reserve Components, we selected the ARNG and the ANG for our review, as they represent the Reserve Components with the largest numbers of Reserve Component members supporting COVID-19 missions. Members of the ARNG and ANG are part of the Reserve Component forces supporting states, U.S. territories, the District of Columbia (the District), or the United States when activated. The National

### Background (cont'd)

Guard Bureau (NGB) ensures that ARNG and ANG members are accessible, capable, and ready to protect the United States and territories. The NGB issues directives, regulations, and publications for the ARNG and ANG consistent with approved policies of the Army and Air Force.

COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. A pandemic is a global outbreak of a disease that can infect people and spread between people sustainably. On March 13, 2020, the President of the United States declared the COVID-19 outbreak an emergency. As a result, on March 22, 2020, the President issued a memorandum authorizing Federal funding to activate ARNG and ANG members to support COVID-19 missions. In addition, on March 27, 2020, the President issued an Executive Order authorizing the activation of members of all Reserve Components to support COVID-19 relief efforts.

ARNG and ANG members receive certain entitlements when activated. Entitlements are benefits available to Reserve Component members meeting eligibility requirements. Specifically, entitlements consist of basic pay, special and incentive pay, and allowances. An allowance is a type of entitlement that is paid to Reserve Component members for specific needs and added expenses, such as food, housing, or enforced family separation, under certain conditions. For our review, we selected the three most commonly paid allowances to members supporting COVID-19 missions: (1) Basic Allowance for Housing (BAH), (2) Family Separation Allowance (FSA), and (3) Basic Allowance for Subsistence (BAS). The ARNG and ANG identify and process entitlements based on guidance and requirements noted in the DoD Financial Management Regulation (DoD FMR) and Service-specific guidance. We reviewed the ARNG and ANG activation processes and determined if the processes included steps to ensure that members received correct entitlements.



# Results in Brief

## *Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission*

### Finding

Although ARNG and ANG officials used appropriate authorities to activate Reserve Component members in support of COVID-19 missions, the activation process did not include steps to consistently validate and accurately process BAH, FSA, and BAS entitlements. We selected a sample of 66 ARNG and ANG members and reviewed associated orders and supporting documents. We found that officials did not consistently validate the primary residence used to determine the amount of BAH entitlement for all 64 eligible members in our sample. In addition, for the members in our sample the ARNG or ANG did not:

- validate the dependency status used to determine the amount of BAH entitlements for 34 Reserve Component members;
- validate FSA eligibility for 12 Reserve Component members;
- process FSA payments in a timely manner for 2 Reserve Component members; or
- confirm the accuracy of BAH, FSA, and BAS transactions manually entered into the payment system for 9 Reserve Component members.

ARNG and ANG officials did not validate Reserve Component members' information that determined the BAH rate and FSA eligibility because the NGB did not establish policies requiring officials to confirm the correct BAH rate and eligibility to receive FSA entitlements. In addition, the NGB did not develop communication and dissemination methods for ARNG and ANG officials to provide all states, territories, and the District with applicable entitlement processing policies. Finally, the ARNG and ANG did not implement sufficient controls to verify that BAH, FSA, and BAS entitlements were properly paid, and ANG officials did not comply with guidance for timely processing of FSA payments.

Without clear activation processing guidance and controls, ARNG and ANG members supporting COVID-19 missions are not receiving accurate and timely payments for BAH, FSA, and BAS entitlements. Specifically, the ARNG and ANG did not accurately pay 21 of 66 Reserve Component members; 15 were underpaid a total of \$4,817.92, and 6 were overpaid a total of \$1,536.05 for the 3-month period we reviewed. Since ARNG and ANG officials used the same procedures and policies to confirm and pay Reserve Component members BAH and FSA entitlements for other active duty missions, the issues we identified could be systemic, affecting current and future Reserve Component members. Although we reviewed activation documentation for only 66 ARNG and ANG members, any of the 44,116 members in our audit universe, or members currently supporting other missions are at increased risk of not receiving accurate and timely payments for BAH, FSA, and BAS entitlements due to lack of guidance, controls, and oversight.

Paying ARNG and ANG members accurately and in a timely manner may protect members from unexpected financial hardships and prevent ARNG and ANG officials from performing additional steps to correct overpayments or underpayments. Furthermore, inadequate BAH primary residence validation procedures could place the ARNG and ANG at risk for potential fraud when establishing members' BAH rates.

### Recommendations

To clarify Reserve Component members' FSA entitlements eligibility, we recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with the Under Secretary of Defense for Personnel and Readiness, update the DoD FMR, volume 7A, chapter 27 to provide definitions and clarifications for the FSA entitlement as it relates to Reserve Component members.





# Results in Brief

## *Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission*

### **Recommendations (cont'd)**

We also recommend that the Chief, NGB in coordination with the Director of the ARNG and the Director of the ANG, develop and implement policies and procedures to:

- require the ARNG and ANG to complete a review of proof of residency documentation when the member's primary residency is established or changed for the BAH entitlement;
- outline the process and frequency of recertification for BAH entitlement that ARNG and ANG officials use to verify and fully document members' dependency status;
- require ARNG and ANG officials to review and document the status of a military member married to another military member and identify which member will claim any applicable dependents;
- specify the methods for confirming eligibility and paying FSA for ARNG and ANG members; and
- establish formal dissemination and communication procedures for policies related to entitlements provided to the ARNG and ANG.

Finally, we recommend that the Chief, NGB in coordination with the Director of the ARNG and the Director of the ANG, develop and implement additional internal control procedures for the review of transactions manually submitted by the ARNG and ANG to the payment system prior to payment to ensure the completeness and accuracy of transactions.

### **Management Comments and Our Response**

The Acting Deputy Chief Financial Officer, responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer agreed with our recommendation. The Acting Deputy Chief Financial Officer stated that the DoD FMR, volume 7A, chapter 27 will be updated to incorporate language that defines and clarifies the FSA entitlement as it relates to Reserve Component members. Comments from the Acting Deputy Chief Financial Officer addressed the specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close this recommendation once we verify that the updates to the DoD FMR, volume 7A, chapter 27 have been completed and determine that the updates fully address the recommendation.

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendations. Specifically, the Director stated that the recommendations were coordinated with the appropriate functional owners within ARNG and ANG offices. While the Director responded in agreement to each recommendation, the responses did not indicate whether the NGB would develop and implement the recommended NGB-level policies and procedures to consistently validate and accurately process BAH, FSA, and BAS entitlements. Therefore, the recommendations are unresolved. We request that the Chief, NGB, provide information regarding the actions the NGB intends to take to address the recommendations.

Please see the Recommendations Table on the next page for the status of recommendations.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD	None	1.a, 1.b	None
Chief, National Guard Bureau	2.a, 2.b, 2.c, 2.d, 2.e, 3	None	None

Please provide Management Comments by April 29, 2022.

**Note:** The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – DoD OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

March 30, 2022

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF  
FINANCIAL OFFICER, DOD  
UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS  
CHIEF, NATIONAL GUARD BUREAU  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY  
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Audit of Entitlements for Activated Army National Guard and Air National Members  
Supporting the Coronavirus Disease-2019 Mission (Report No. DODIG-2022-074)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Acting Deputy Chief Financial Officer, responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, agreed to address the recommendations presented in the report; therefore, we consider the recommendations resolved and open. As described in the Recommendations, Management Comments, and Our Response section of this report, we will close the recommendations when you provide us documentation showing that the agreed-upon action to implement the recommendations are completed. Therefore, Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, please provide us within 90 days your response concerning specific actions in process or completed on the recommendations. Send your response to either [followup@dodig.mil](mailto:followup@dodig.mil) if unclassified or [rfunet@dodig.smil.mil](mailto:rfunet@dodig.smil.mil) if classified SECRET.

This report contains recommendations that are considered unresolved because the Director of Staff, National Guard Bureau, responding for the Chief, National Guard Bureau, did not fully address the recommendations presented in the report. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations remain open. We will track these recommendations until an agreement is reached on the actions that you will take to address the recommendations, and you have submitted adequate documentation showing that all agreed-upon actions are completed.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, Chief, National Guard Bureau, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the recommendations. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

If you have any questions, please contact me at [REDACTED]



Richard B. Vasquez  
Assistant Inspector General for Audit  
Readiness and Global Operations



# Contents

---

## Introduction

Objective	1
Background	1
What We Reviewed	11
Review of Internal Controls	12

## **Finding. ARNG and ANG Activation Processes Did Not Include Key Steps to Validate and Accurately Process Entitlements**

The ARNG and ANG Activation Processes Lacked Key Steps to Validate and Accurately Process Entitlements	14
The National Guard Bureau Did Not Establish Comprehensive Policies and Procedures for BAH and FSA Entitlements	23
The National Guard Bureau Did Not Develop a Method to Disseminate or Communicate Policies	27
The National Guard Bureau Did Not Establish Adequate Control Over Manually Processed Entitlement Payments	28
Conclusion	29
Recommendations, Management Comments, and Our Response	30

## Appendixes

Appendix A. Scope and Methodology	43
Internal Control Assessment and Compliance	49
Use of Computer-Processed Data	49
Use of Technical Assistance	50
Prior Coverage	50
Appendix B. Groups Within the Ready Reserve	52
Appendix C. Legal Authorities Used to Activate ARNG and ANG Members Supporting COVID-19 Missions	53
Appendix D. DoD Officials Involved in the Activation Process	54
Appendix E. Required Key Supporting Documents	55
Appendix F. ARNG and ANG Members Incorrectly Paid	56

## Contents (cont'd)

---

### Management Comments

Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer .....	60
National Guard Bureau .....	62
Army National Guard .....	63
Air National Guard .....	67

<b>Acronyms and Abbreviations .....</b>	<b>75</b>
---	-----------



# Introduction

---

## Objective

The objective of this audit is to determine whether the process for activating Army National Guard (ARNG) and Air National Guard (ANG) members in response to the coronavirus disease–2019 (COVID-19) pandemic ensured that entitlements were accurately identified and processed.

We identified and reduced the scope of our review to the ARNG and ANG, the two Reserve Components with the greatest numbers of activated Reserve Component members supporting COVID-19 missions.<sup>1</sup> We selected the Basic Allowance for Housing (BAH), Family Separation Allowance (FSA), and Basic Allowance for Subsistence (BAS) entitlements for our review since these three entitlements were the most frequently paid to activated ARNG and ANG members. See Appendix A for a discussion of the scope and methodology.

## Background

### ***Active and Reserve Components of the Armed Forces***

The Military Services of the Armed Forces include the Army, Marine Corps, Navy, Air Force, Space Force, and Coast Guard. The Military Services, with the exception of the Space Force, have Active and Reserve Components. DoD Active Component members are full-time active duty military personnel under title 10 authorities, may live on a military base, and can be assigned at any time to support various missions. In addition to the Active Components, the seven Reserve Components of the Armed Forces are the:

- Army Reserve,
- Army National Guard of the United States,
- Air Force Reserve,
- Air National Guard of the United States,
- Navy Reserve,
- Marine Corps Reserve, and
- Coast Guard Reserve.<sup>2</sup>

---

<sup>1</sup> Activated members are those who are usually in a part-time duty status, but have been ordered to a full-time duty status.

<sup>2</sup> Section 10101, title 10, United States Code (10 U.S.C. § 10101 [2018]), “Reserve Components Named.” In addition to the Army Reserve and Air Force Reserve, the Army National Guard of the United States and the Air National Guard of the United States are the Reserve Components of the Army and Air Force, respectively. We refer to members activated under federally funded orders to support COVID-19 as Army National Guard and Air National Guard members.

Six of the seven Reserve Components are in the DoD.<sup>3</sup> Reserve Component members, with the exception of members placed in Active Guard/Reserve duty, are not full-time active duty military personnel, but can be activated at any time.<sup>4</sup> Reserve Component members who perform training and provide operational support are part of the Ready Reserve. Ready Reserve members can be activated during war or a national emergency. The Ready Reserve includes the Selected Reserve, Individual Ready Reserve, and Inactive National Guard. See Appendix B for a detailed discussion of the different groups within the Ready Reserve.

Ready Reserve members are activated in accordance with multiple sections outlined in titles 10 and 32, United States Code (U.S.C.).<sup>5</sup> When activated under the multiple sections of title 10, ARNG and ANG Ready Reserve members are under Federal control and federally funded. For example, Ready Reserve members can be activated under 10 U.S.C. § 12302 (2018), which permits the Secretaries of the Military Departments to authorize the involuntary activation of Ready Reserve members under the jurisdiction of that Secretary for a period not to exceed 24 consecutive months.

In addition to Federal activations outlined in title 10, U.S.C. (2018), when activated under 32 U.S.C. § 502(f) (2018), ARNG or ANG Ready Reserve members are under the state or territory governor's control and federally funded. Title 32 activations allow members to be voluntarily or involuntarily activated to perform training or other duties that may include support of operations or missions undertaken by members' units at the request of the President or Secretary of Defense. See Appendix C for a detailed discussion of the different authorities represented in the audit scope and universe for ARNG and ANG members who were activated under titles 10 and 32, U.S.C. in support of COVID-19 missions.

---

<sup>3</sup> The Coast Guard is a Service in the Department of Homeland Security, except when the Coast Guard is transferred by Congress or the President to the Department of the Navy during time of war in accordance with 14 U.S.C. § 103 (2018).

<sup>4</sup> Active Guard/Reserve status is referred to by different names depending on the Reserve Component member's branch of Service. Active Guard/Reserve status in the ARNG, Army Reserve, ANG, and Air Force Reserve is simply referred to as Active Guard/Reserve. However, Active Guard/Reserve status in the Navy Reserve and Marine Corps Reserve is referred to as Full Time Support and Active Reserves, respectively.

<sup>5</sup> The duty performed by ARNG and ANG members under the multiple sections of title 32, U.S.C. is defined as full-time National Guard duty. For the purposes of this report, any variant of the term active duty, such as activated or activation, should be interpreted as ARNG and ANG members being ordered to active duty or full-time National Guard duty.

As of February 2021, the Defense Manpower Data Center reported that the Ready Reserve of the six DoD Reserve Components had 793,821 members in the Selected Reserve and 213,478 members in the Individual Ready Reserve and Inactive National Guard.<sup>6</sup> See Table 1 for the breakdown of Reserve Component members of the Ready Reserve.

*Table 1. Ready Reserve Personnel Strengths as of February 2021*

Reserve Component	Selected Reserve	Individual Ready Reserve/Inactive National Guard	Total Ready Reserve
Army Reserve	187,619	84,986	272,605
Army National Guard	335,018	1,135	336,153
Air Force Reserve	69,681	24,862	94,543
Air National Guard	107,270	0	107,270
Navy Reserve	58,437	41,360	99,797
Marine Corps Reserve	35,796	61,135	96,931
<b>Total</b>	<b>793,821</b>	<b>213,478</b>	<b>1,007,299</b>

Source: The Defense Manpower Data Center.

## ***Reserve Component Activations in Support of National Operations***

The Reserve Components provide trained units and individual members who may be ordered to active duty in the Armed Forces in times of war and national emergencies. Ultimately, the Reserve Components fill the needs of the Armed Forces when more units and individual members are needed than are in the Active Components. Reserve Component members can be activated as a unit or an Individual Mobilization Augmentee, or perform Active Guard/Reserve duty. Individual Mobilization Augmentees are individual reservists who attend drills, receive training, and are assigned to an Active Component organization. Reserve Component members placed in Active Guard/Reserve duty organize, administer, recruit, instruct, or train other Reserve Component members in a full-time capacity.

On January 31, 2020, the Secretary of Health and Human Services declared a public health emergency due to confirmed cases of COVID-19 in the United States. COVID-19 is an infectious disease that can cause a wide spectrum of symptoms.

<sup>6</sup> The Defense Manpower Data Center is the central source for providing information on personnel during and after their affiliation with the DoD. In addition, the Defense Manpower Data Center is the central access point for information and assistance on DoD entitlements, benefits, and medical readiness for uniformed Service members, veterans, and their families.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. A pandemic is a global outbreak of a disease that can infect people and spread between people sustainably. On March 13, 2020, the President of the United States declared the COVID-19 outbreak an emergency. A presidential declaration of a national emergency increases the DoD's ability to access additional Reserve Component members. As a result, on March 22, 2020, the President issued a memorandum authorizing Federal funding to activate ARNG and ANG members in accordance with 32 U.S.C. § 502(f) (2018) to support COVID-19 missions.

In addition, on March 27, 2020, the President issued an Executive Order authorizing the activation of members of all DoD Reserve Components to support the COVID-19 relief effort in accordance with 10 U.S.C. § 12302 (2018).<sup>7</sup> As of June 30, 2020, when we determined the scope of this audit, the number of activated DoD Reserve Component members under titles 10 and 32, U.S.C. orders in support of COVID-19 missions was 57,278 members.

### ***DoD Officials Involved in Reserve Component Activations***

Several stakeholders within the DoD are involved in the request for, coordination of, and approval of Reserve Component activations. The Reserve Component activation approval process varies depending on the authority used. The DoD officials involved in the activation process are the Secretary of Defense, Secretaries of the Military Departments, and Under Secretary of Defense for Personnel and Readiness (USD[P&R]). See Appendix D for a detailed discussion of the roles of the officials involved in Reserve Component activations.

### ***Role of the National Guard Bureau***

The National Guard Bureau (NGB) consists of the Office of the Chief, NGB; National Guard Joint Staff; Office of the Director, ARNG; and Office of the Director, ANG. The NGB ensures that more than 443,000 ARNG and ANG members are accessible, capable, and ready to protect the United States and its territories, and provide combat-ready resources to the Army and Air Force. Additionally, the NGB is the channel of communications for all matters pertaining to the ARNG and ANG between the Departments of the Army and the Air Force and the

---

<sup>7</sup> Executive Order 13912, "National Emergency Authority To Order the Selected Reserve and Certain Members of the Individual Ready Reserve of the Armed Forces to Active Duty," March 27, 2020.

states, three U.S. territories (Guam, the Virgin Islands, and Puerto Rico), and the District of Columbia (54 locations).<sup>8</sup> According to 10 U.S.C. § 10503 (2018) and DoD Directive 5105.77, the NGB:

- prescribes the training requirements, along with the allocation of Federal funds, for the training of the ARNG and ANG;
- ensures ARNG and ANG members are trained by the states in accordance with approved programs and policies from the Chief, NGB;
- monitors and assists the 54 locations in the organization, maintenance, and operation of ARNG and ANG units to provide well-trained and well-equipped units capable of augmenting the active forces in times of war or national emergency;
- plans and administers the budget for the ARNG and ANG;
- issues directives, regulations, and publications for the ARNG and ANG consistent with approved policies of the Army and Air Force; and
- ensures that, in the performance of their duties, all officials and personnel of the NGB comply fully with applicable DoD, Department of the Army, and Department of the Air Force policies, issuances, publications, and legal opinions.<sup>9</sup>

### ***Missions of the Army National Guard and Air National Guard***

The National Guard of each of the 54 locations consists of both ARNG and ANG units, totaling 54 separate National Guard organizations. The ARNG and ANG have a unique dual mission that consists of both state (includes territories and the District) and Federal roles. For missions of all 54 locations, governors can activate their ARNG and ANG at the local or state (includes territories) level during emergencies or civil disturbances.<sup>10</sup> In addition, the President can activate ARNG and ANG units to support certain Federal missions, under the command of the combatant commander where the unit is operating. Additionally, each location's U.S. Property and Fiscal Officer serves as an agent of the Secretaries of the Army and Air Force for the Chief, NGB by managing the Federal funds and property in possession of the 54 National Guard locations. Furthermore, each U.S. Property and Fiscal Officer ensures the accuracy of pay for all personnel compensated by

<sup>8</sup> In this report, the states, three U.S. territories (Guam, the Virgin Islands, and Puerto Rico), and the District of Columbia are referred to as the 54 locations. In addition, the District of Columbia is referred to throughout the report as the District.

<sup>9</sup> Section 10503, title 10, U.S.C. (10 U.S.C. § 10503 [2018]), "Functions of the National Guard Bureau: Charter." DoD Directive 5105.77, "National Guard Bureau," October 30, 2015, as amended.

<sup>10</sup> The District's ARNG and ANG are the only units that report only to the President. The President delegated the authority to activate these units to the Secretary of Defense, and the Secretary of Defense has further delegated authority to the Secretary of the Army.



Federal funds, provides essential oversight of Federal resources, and ensures that personnel at the 54 locations comply with applicable laws, statutes, and regulations.

### ***Entitlements for Activated Reserve Component Members***

Entitlements are benefits available to Reserve Component members who meet eligibility requirements.<sup>11</sup> Specifically, entitlements consist of basic pay, special and incentive pay, and allowances. Reserve Component members receive special and incentive pay for specific qualifications or assignments, such as health care professionals providing a specialty that is critical to meet a wartime requirement. In addition, Reserve Component members receive different entitlements depending on their duty status and location, such as inactive duty, active duty for 30 or fewer days, or active duty for more than 30 days.

When activated for more than 30 days, Reserve Component members generally receive entitlements nearly identical to members in the Active Component. However, when activated for a period of 30 days or less, they receive most, but not all, of the entitlements Active Component members receive. DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” (DoD FMR), volume 7A, identifies the entitlement amounts for Reserve Component members.<sup>12</sup> DoD FMR, volume 7A, also authorizes the payment of entitlements, depending on the nature of the mission, and other factors, such as the location and duration of the assignment.

### ***Allowances for Reserve Component Members***

An allowance is a type of entitlement that is paid to Reserve Component members for specific needs and added expenses under certain conditions, such as clothing and uniform allowances, BAH, FSA, and BAS. For example, Reserve Component members receive clothing allowances to help the members pay for their uniforms. For our audit, we selected the three most commonly paid allowances to members supporting COVID-19 missions, which were BAH, FSA, and BAS.

- **BAH:** This allowance provides Reserve Component members monthly housing compensation based on housing costs in local civilian housing markets within the United States when Government quarters are not provided. Reserve Component members may receive BAH or BAH-Reserve Component, depending on the length of the activation. Specifically, Reserve Component members activated for 31 days or more are entitled

---

<sup>11</sup> These entitlements are also available to Active Component members. For the purposes of this report, we focused on the entitlements paid to ARNG and ANG members when activated to support COVID-19 missions. In addition, the entitlement rates included in this report were effective during the period of our review.

<sup>12</sup> DoD FMR, volume 7A, “Military Pay Policy – Active Duty and Reserve Pay.”

to BAH that is determined by members' grade, rank, dependency status, and primary residence.<sup>13</sup> Reserve Component members residing within U.S. territories do not receive BAH.<sup>14</sup> Moreover, Reserve Component members activated for 30 days or less are entitled to BAH-Reserve Component, regardless of where the members reside.<sup>15</sup> The BAH-Reserve Component rate is a fixed rate determined by members' grade, rank, and dependency status.

- **FSA:** This allowance provides compensation for added expenses incurred because of an enforced family separation. Specifically, Reserve Component members may receive FSA when they are on temporary duty away from their primary residence and are separated from their dependents for more than 30 days, and members' dependents do not reside at or near the temporary duty location. According to the DoD FMR, dependents are considered to be residing near a member's temporary duty location if they live within a distance of 50 miles, one way, of that location.<sup>16</sup> FSA is a flat rate of \$250 per month for all eligible members.
- **BAS:** This allowance is intended to provide compensation for meals for Reserve Component members. Reserve Component members activated with pay are entitled to BAS. Reserve Component members being paid BAS must pay for all meals or rations provided by or on behalf of the Government, except in certain conditions. The BAS monthly flat rate from January 1, 2020, through December 31, 2020, was \$372.71 for enlisted members and \$256.68 for officers.

See Appendix A, Scope and Methodology, for a detailed discussion of the selection of these three entitlements.

### ***Personnel and Payment Systems for Processing Entitlements***

The U.S. Property and Fiscal Office personnel and the unit officials use the personnel and payment systems to process Reserve Component member entitlements. Each Reserve Component is required to establish and maintain

<sup>13</sup> Dependency status can be with-dependent or without-dependent. Per the DoD FMR, volume 7A, "Military Pay Policy – Active Duty and Reserve Pay," chapter 26, "Housing Allowances," a dependent may be a spouse, unmarried children under the age of 21, or a parent in specific situations. In addition, the primary residence is not used to determine the BAH rate if a Reserve Component member is authorized a permanent change of station. No members in our sample were authorized a permanent change of station and all were in a temporary duty status.

<sup>14</sup> Reserve Component members residing in U.S. territories are eligible for the Overseas Housing Allowance entitlement.

<sup>15</sup> For Reserve Component members ordered to active duty for 30 or fewer days are authorized the BAH-Reserve Component rate, except for contingency operations or for an Active Guard/Reserve member. However, the COVID-19 mission was not considered a contingency operation during the period of our review.

<sup>16</sup> DoD FMR, volume 7a, "Military Pay Policy – Active Duty And Reserve Pay," chapter 27, "Family Separation Allowance." Unusual conditions may permit a determination that dependents do not live near the member's duty station, even though the distance involved is less than 50 miles one way. These conditions may include that the member's time required to commute one way would exceed 1.5 hours, unless the member actually commutes daily.

personnel accounts in an electronic personnel system. The ARNG and ANG use the Integrated Personnel and Pay System-Army and the Military Personnel Data System, respectively, as their personnel systems.<sup>17</sup>

Once ARNG human resource and ANG Reserve pay office officials create a personnel file, the file is electronically transferred into the Defense Joint Military Pay System-Reserve Component (DJMS-RC) payment system, where a pay account is created for that Reserve Component member.<sup>18</sup> The Defense Finance and Accounting Service maintains and controls DJMS-RC to support military payments for Reserve Component members. The Defense Finance and Accounting Service pays all DoD military and civilian personnel, retirees and annuitants, and major DoD contractors and vendors.

### ***Identifying and Processing Selected Entitlements for Army National Guard and Air National Guard Members***

From the six DoD Reserve Components, we selected the ARNG and ANG for our review, as they represent the Reserve Components with the largest numbers of members supporting COVID-19 missions on federally funded orders. In addition, we reviewed the three selected entitlements for ARNG and ANG members in our sample. The ARNG and ANG identify and process entitlements based on guidance and requirements noted in the DoD FMR and Service-specific guidance.<sup>19</sup>

### ***ARNG Processes for Identifying and Processing Entitlements for ARNG Members***

The ARNG Unit Level Finance Procedures Manual prescribes how ARNG officials should process entitlements.<sup>20</sup> When an ARNG member is activated, ARNG officials manually process the member's orders using a submission packet. The member and the unit prepare the packet and the packet is required to contain documentation to support the entitlements.<sup>21</sup> BAH, FSA, and BAS each have different eligibility requirements, required supporting documents, and processing procedures for payment.

---

<sup>17</sup> For the purposes of this report, the Integrated Personnel and Pay System - Army and the Military Personnel Data System will be referred to as the "personnel system."

<sup>18</sup> For the purposes of this report, DJMS-RC will be referred to as the "payment system."

<sup>19</sup> DoD FMR, volume 7A.

<sup>20</sup> "ARNG Unit Level Finance Procedures Manual," June 1, 2016.

<sup>21</sup> See Appendix E for the applicable supporting documents per entitlement that were reviewed during this audit.

**BAH**

An eligible member receives BAH based on the member's grade, rank, dependency status, and location. ARNG members' packets should include a completed Department of the Army Form 5960 (DA Form 5960).<sup>22</sup> The DA Form 5960 is used by ARNG U.S. Property and Fiscal Office personnel to ensure the correct rate of BAH is paid to the member based on their primary residence and if they have dependents. If a member does not provide a DA Form 5960, the member receives the BAH-Reserve Component rate instead of the regular BAH rate.

**FSA**

If a member is on temporary duty status away from their dependents for more than 30 days, and the member's dependents reside more than 50 miles from the temporary duty location, FSA may be payable to the member. A completed DD Form 1561 is required to authorize an ARNG member's FSA entitlement.<sup>23</sup>

**BAS**

BAS is paid to provide compensation for the meals of any officer or enlisted member performing active duty. The finance office processes the BAS payment in the military payment system. According to ARNG officials, members' orders will list the entitlement; however, additional supporting documentation is not required unless the Government provides meals.

### ***ANG Process for Identifying and Processing Entitlements for ANG Members***

Air Force Manual 65-116 and Air National Guard Instruction 65-101 prescribe the procedures for processing ANG member entitlements.<sup>24</sup> The Air National Guard Reserve Order Writing System generates ANG members' orders. Members' orders detail the specifics of members' active duty, including eligibility for entitlements. When activated, members and their unit electronically certify the order details and completion of duty in the order writing system.<sup>25</sup> Once the order certification is completed, the Reserve pay office reviews members' electronic personnel and financial information, applicable supporting documentation, and orders to initiate the processing of entitlements. The BAH, FSA, and BAS entitlements each have different eligibility requirements, required supporting documents, and processing procedures for payment.

<sup>22</sup> Department of the Army Form 5960, "Authorization to Start, Stop, or Change Basic Allowance for Quarters, and/or Variable Housing Allowance."

<sup>23</sup> DD Form 1561, "Statement to Substantiate Payment of Family Separation Allowance (FSA)," December 2017.

<sup>24</sup> Air Force Manual 65-116, volume 3, "Financial Management Defense Joint Military Pay System (DJMS) Reserve Component (DJMS-RC)," November 7, 2019. Air National Guard Instruction 65-101, "Air National Guard (ANG) Workday Accounting and Reporting Procedures," May 10, 2018.

<sup>25</sup> When activated for 30 days or more, ANG members can certify their orders starting the first day of activation. ANG members activated for less than 30 days certify their orders once they complete their activation.

**BAH**

A member is entitled to a specific type of housing allowance based on the member's grade, rank, dependency status, and location. The Reserve pay office, in conjunction with the ANG member, submits a completed Air Force Form 594 (AF Form 594).<sup>26</sup> The Reserve pay office certifies and signs the completed AF Form 594 after reviewing the dependency status supporting documentation to ensure requirements for BAH entitlement are met. Supporting documentation for the member's dependency status may include marriage certificates and the birth certificates of dependents. When a member is activated, the BAH payment is processed by the Reserve pay office based on information certified by the member and their unit in the order writing system.

**FSA**

If a member has dependents and is activated to a location away from their dependents for more than 30 days, and the member's dependents reside more than 50 miles from the temporary duty location, the member may be entitled to receive FSA. Upon departure to the temporary duty location, the ANG member completes Part I of a DD Form 1561. After the ANG member has been away from their dependents for more than 30 days, the certifying officer completes Part II of the DD Form 1561 and the Reserve pay office processes payment.

**BAS**

The Reserve pay office processes BAS payment based on whether the member is an officer or enlisted member and if the member is on a short or long active duty tour.<sup>27</sup>

***BAH Rate Determination and Payment***

A Reserve Component member's grade, rank, dependency status (with or without dependents), and primary residence ZIP code are used to determine the amount of BAH paid during the member's activation. The BAH with-dependent rate is paid to members who have dependents, regardless of the number of dependents. The BAH without-dependent rate is paid to members who do not have dependents.

ARNG and ANG members can change their primary residence address by visiting a personnel office or using an online self-service option. According to ARNG officials and the Army Unit Level Finance Procedures Manual, there is no requirement for ARNG members to provide proof of residence documentation when changing their primary address. Additionally, according to ANG officials, ANG members are

---

<sup>26</sup> AF Form 594, "Application and Authorization to Start, Stop, or Change Basic Allowance for Quarters or Dependency Redetermination."

<sup>27</sup> The two types of payments for tours of duty are: 1) "Long Tour – 30 Days or More"; and 2) "Short Tour – Less than 30 Days."



required to present proof of residency documentation when changing their primary residence address through personnel offices at the 54 locations, so officials can review the documents to validate the member's address and establish or update the personnel system. After ANG officials validated the member's address, the member's address input into the personnel system automatically updates the Air National Guard Reserve Order Writing System. Then, ANG members need to electronically certify their primary residence in the order writing system to initiate the BAH entitlement payment.

The ARNG and ANG use BAH forms DA Form 5960 and AF Form 594 to verify members' dependency status needed to establish the BAH entitlement. The forms include the member's marital status (single, married, divorced, or legally separated), and the name, address, date of birth, and relationship of dependents. A certifying official reviews the information on the form and the supporting documentation provided by the member. Both the member and the certifying official sign the form, certifying that the information is correct. According to ARNG and ANG policy, if a valid BAH form is not received, ARNG members receive the BAH-Reserve Component rate and ANG members receive the BAH without-dependent rate regardless of their dependency status. According to the DoD FMR, Reserve Component members must recertify the status of their dependents at least every 3 years or when the status of their dependents changes.<sup>28</sup> The ARNG established an additional requirement, detailed in the ARNG Unit Level Finance Procedures Manual, that a member must re-certify their dependency status every 3 years, regardless of whether the member has dependents.<sup>29</sup>

## What We Reviewed

We selected a random, nonstatistical sample of Reserve Component members activated in support of the Federal response to the COVID-19 pandemic and determined if the activation process included steps that ensured members received the correct entitlements. From a universe of 44,116 ARNG and ANG members activated to support the Federal response to the COVID-19 pandemic, who started orders between March 22, 2020, and May 31, 2020, we selected 34 ARNG and 32 ANG members, for a total of 66 ARNG and ANG members for our review.<sup>30</sup> Additionally, we selected three entitlements—BAH, FSA, and BAS—paid to ARNG and ANG members supporting COVID-19 missions for our review.

<sup>28</sup> DoD FMR, volume 7A, chapter 26. Examples of dependency changes include marriage, divorce, or the birth of a child.

<sup>29</sup> "ARNG Unit Level Finance Procedures Manual," Appendix F, "Internal Control Review Checklist," June 1, 2016.

<sup>30</sup> In August 2020, the ARNG and ANG provided an updated universe of 44,116 Reserve Component members. See Appendix A for a discussion of the scope and methodology.

During our review, we coordinated with 28 locations and found that out of the 66 members within our sample, 64 members received BAH, 11 members received FSA, and 66 members received BAS for the period we reviewed.

## Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended, and to evaluate the effectiveness of the controls.<sup>31</sup>

We identified internal control weaknesses related to the ARNG and ANG activation processes, which did not include steps to consistently validate and accurately process BAH, FSA, and BAS entitlements and payment. We will provide a copy of the final report to the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Chief, NGB, and the senior officials responsible for internal controls in the ARNG and ANG.

---

<sup>31</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding

### **ARNG and ANG Activation Processes Did Not Include Key Steps to Validate and Accurately Process Entitlements**

Although ARNG and ANG officials used appropriate authorities to activate Reserve Component members in support of COVID-19 missions, the ARNG and ANG's activation processes did not include steps to consistently validate and accurately process BAH, FSA, and BAS entitlements. We selected a sample of 66 ARNG and ANG members and reviewed the associated orders and supporting documents.<sup>32</sup> We found that officials did not consistently validate the primary residence used to determine the amount of the BAH entitlement for all 64 eligible members in our sample.<sup>33</sup> In addition, the ARNG or ANG did not:

- validate the dependency status used to determine the amount of BAH entitlements for 34 Reserve Component members;
- validate FSA eligibility for 12 Reserve Component members;
- process FSA payments in a timely manner for 2 Reserve Component members; or
- confirm the accuracy of BAH, FSA, and BAS transactions manually entered into the payment system for 9 Reserve Component members.

ARNG and ANG officials did not validate Reserve Component members' eligibility for BAH and FSA entitlements because the NGB did not establish policies requiring officials to confirm eligibility for receiving BAH and FSA entitlements. In addition, the NGB did not develop communication and dissemination methods for ARNG and ANG officials to provide all 54 locations with applicable entitlement processing policies. Finally, the ARNG and ANG did not implement sufficient controls to verify that BAH, FSA, and BAS entitlements were properly paid, and ANG officials did not comply with the guidance for timely processing of FSA payments.

Without clear activation processing guidance and controls, ARNG and ANG members supporting COVID-19 missions are not receiving accurate and timely payments for BAH, FSA, and BAS entitlements. Specifically, the ARNG

<sup>32</sup> See Appendix E for the applicable supporting documents per entitlement that were reviewed during this audit.

<sup>33</sup> Of the 34 ARNG and 32 ANG members reviewed, 2 ANG members were not eligible to receive BAH entitlement due to the members residing in a U.S. territory.

and ANG did not accurately pay 21 of 66 Reserve Component members; 15 were underpaid a total of \$4,817.92; and 6 were overpaid a total of \$1,536.05 for the 3-month period we reviewed.<sup>34</sup> Since ARNG and ANG officials used the same procedures and policies to confirm and pay Reserve Component members BAH and FSA entitlements for other active duty missions, the issues we identified could be systemic, affecting current and future Reserve Component members. Although we reviewed activation documentation for only 66 ARNG and ANG members, any of the 44,116 members in our audit universe, or members currently supporting other missions are at increased risk of not receiving accurate and timely payments for BAH, FSA, and BAS entitlements due to lack of guidance, controls, and oversight. Paying ARNG and ANG members accurately and in a timely manner may protect members from unexpected financial hardships and prevent ARNG and ANG officials from performing additional steps to correct overpayments or underpayments. Furthermore, inadequate BAH primary residence validation procedures could place the ARNG and ANG at risk for potential fraud when establishing members' BAH rates.

## **The ARNG and ANG Activation Processes Lacked Key Steps to Validate and Accurately Process Entitlements**

Although ARNG and ANG officials used appropriate authorities to activate Reserve Component members in support of COVID-19 missions, the activation processes did not include steps to consistently validate and accurately process BAH, FSA, and BAS entitlements. We selected a sample of 66 ARNG and ANG members and reviewed associated orders and supporting documents. We found that officials did not consistently validate the primary residence used to determine the amount of BAH entitlement for all 64 eligible members in our sample. In addition, neither the ARNG nor ANG validated the BAH dependency status for 34 Reserve Component members and FSA eligibility for 12 members. Additionally, the ARNG and ANG did not process FSA payments in a timely manner and confirm the accuracy of BAH, FSA, and BAS transactions manually entered into the payment system.

### ***ARNG and ANG Officials Used Appropriate Authorities to Activate Members in Support of COVID-19 Missions***

ARNG and ANG officials used appropriate authorities to activate members in support of COVID-19 missions. The orders and activation documentation we reviewed for the 66 members in our sample were authorized based on the

---

<sup>34</sup> We were unable to quantify the process issues. See Appendix F for the description of the overpayments and underpayments.

Presidential Orders and other legal authorities appropriate for the activation of Reserve Component members supporting COVID-19 missions. Specifically, the Presidential Order established Federal funding to activate ARNG and ANG members in accordance with 32 U.S.C. § 502(f) (2018). In addition, an Executive Order authorized Reserve Component member activation to support COVID-19 relief efforts in accordance with 10 U.S.C. § 12302 (2018). According to the Secretary of the Army, based on the rapidly evolving need to respond to the COVID-19 emergency as declared by the President, Reserve Component members were authorized 14 days of annual training, followed by additional active duty orders. The Reserve Component members that we selected for review were activated under the following legal authorities.

- Partial Mobilization 10 U.S.C. § 12302 (2018)
- Active Duty in Excess of Annual Training Requirements 10 U.S.C. § 12301(d) (2018)
- Training and Other Duty 32 U.S.C. § 502(f) (2018)
- Active Duty for Medical Continuation 10 U.S.C. § 12301(h) (2018)

See Appendix C for a full listing of the authorities used to activate ARNG and ANG members supporting COVID-19 missions. The ARNG and ANG appropriately used these authorities to activate Reserve Component members for national emergencies, such as the COVID-19 pandemic. However, ARNG and ANG officials did not include steps to consistently validate and accurately process BAH, FSA, and BAS entitlements for Reserve Component members activated in support of COVID-19 missions. In the subsequent sections of this report, we explain in detail the process issues that we identified throughout the audit.

### ***ARNG and ANG Officials Did Not Consistently Validate the Primary Residence of Reserve Component Members***

The ARNG and ANG did not consistently validate the primary residence used to determine the amount of BAH entitlement paid for all Reserve Component members. According to the DoD FMR, Reserve Component members on active duty orders over 30 days are paid BAH entitlements based on their grade, rank, primary residence address, and whether they have dependents.<sup>35</sup> The primary residence location is used to determine the BAH entitlement amount for Reserve Component members activated on temporary duty status.<sup>36</sup> According to the DoD FMR, the

<sup>35</sup> DoD FMR, volume 7A, chapter 26.

<sup>36</sup> Primary residence is not used if a Reserve Component member is authorized a permanent change of station. No members in our sample were authorized a permanent change of station and all were in a temporary duty status.



Military Services must create and maintain internal controls to ensure that all data entered into DoD systems are accurate and supportable.<sup>37</sup> The primary residence is a critical element used to accurately calculate and support BAH rates. However, we found that the ARNG and ANG did not consistently validate the primary residence to ensure these data were accurate and supported prior to processing BAH entitlements in the payment system for all 34 ARNG and 30 ANG eligible members we reviewed.

### ***The ARNG Did Not Validate Primary Residence for BAH***

ARNG officials did not validate the primary residence listed on all 34 ARNG members' orders to ensure that BAH entitlements were supported and accurately processed. Specifically, the ARNG did not:

- consistently require that ARNG members document and recertify their primary residence on the DA Form 5960 to determine the BAH rate, or
- require evidence to support the primary residence that determined the BAH rate.

According to the ARNG Unit Level Finance Procedures Manual, the DA Form 5960 is used to ensure the correct BAH rate is paid to ARNG members based on their primary residence.<sup>38</sup> However, we identified that 16 of 34 ARNG members did not include their primary residence address, needed to determine the correct BAH rate, on their DA Form 5960.<sup>39</sup>

In addition to reporting their primary address on the DA Form 5960, ARNG members or officials can update members' primary residence in the personnel system, which automatically transfers to the system that generates ARNG members' military orders. Based on interviews conducted, some ARNG officials entered the primary residence ZIP code listed on the DA Form 5960, while others entered the ZIP code listed on the military orders into the payment system. However, we identified that ARNG officials did not validate the primary residence reported by ARNG members on the DA Form 5960 or military orders with source documentation such as utility bills or rental agreements to establish an accurate BAH rate. Therefore, we determined that the ZIP codes entered into the payment system by ARNG officials to establish BAH payments were not validated and fully supportable as required by the DoD FMR.<sup>40</sup>

---

<sup>37</sup> DoD FMR, volume 6A, "Reporting Policy," chapter 2, "Financial Reports, Roles, and Responsibilities."

<sup>38</sup> "ARNG Unit Level Finance Procedures Manual," chapter 7, "Mobilization," June 1, 2016.

<sup>39</sup> ARNG officials could not provide the DA Form 5960 for 1 of the 34 ARNG members selected for review.

<sup>40</sup> DoD FMR, volume 6A, chapter 2.

### ***The ANG Did Not Consistently Validate Primary Residence for BAH***

ANG officials did not consistently validate or maintain documentation supporting the primary residence address to ensure BAH rates were accurately processed for the 30 eligible members in our sample. The AF Form 594 is used to start, adjust, or terminate BAH entitlement or to document required BAH recertification and members' dependency status. A key element in determining the BAH entitlement rate is the member's primary residence; however, ANG policy did not require officials to use the AF Form 594 to recertify or document the members' primary residence address. We determined that ANG officials did not recertify or document their review of the primary residence address for all 30 eligible ANG members.

In March 2019, the Commander of the ANG Readiness Center issued a memorandum requiring all ANG members to provide proof of residency when establishing or changing their primary residence address.<sup>41</sup> The 2019 memorandum listed lease or rental agreements, deed or mortgage documents, and utility bills as the only acceptable proof of residency documents. However, according to ANG officials, they did not review this documentation when establishing or changing members' primary residence address in the personnel system and even when reviews were completed, the ANG officials did not maintain documentation of the review.

In addition, according to ANG officials, members using the self-service option are able to change their address without presenting proof of residency documents for review, which did not comply with the 2019 memorandum.

### ***ARNG and ANG Officials Did Not Validate, Recertify, or Fully Document BAH Dependency Status***

The ARNG and ANG did not validate the dependency status that determined the amount of the BAH rate for 34 of 66 ARNG and ANG members. The DoD FMR establishes that the BAH with-dependent rate is authorized on the effective date the member acquires the dependent and the

*The ARNG and ANG did not validate the dependency status that determined the amount of the BAH rate for 34 of 66 ARNG and ANG members.*

<sup>41</sup> Commander (Air National Guard Readiness Center) memorandum, "Proof of Residency Requirement," March 4, 2019.

Reserve Component members must recertify the status of their dependents at least every third year from the previous certification, or when there is a dependency change.<sup>42</sup> However, we found that ARNG and ANG officials did not:

- recertify members’ dependency status on, or maintain, BAH forms;
- have adequate documentation or validation of the dependency status of ARNG and ANG members married to other military members; or
- ensure that dependency information on BAH forms was fully documented.

Table 2 provides the number of members associated with each issue we found.

*Table 2. Summary of ARNG and ANG Members With BAH Dependency Status Issues*

Reserve Component	Missing/Did Not Recertify	Lacked Validation	Incomplete BAH Forms	Total Discrepancies
ARNG	12	2	5	19
ANG	5	3	15	23
<b>Total</b>	<b>17</b>	<b>5</b>	<b>20</b>	<b>42*</b>

\* We identified multiple BAH dependency status issues for some ARNG and ANG members, resulting in some ARNG and ANG members being included in more than one of the issues.

Source: The DoD OIG.

### ***ARNG and ANG Officials Did Not Always Recertify the Dependency Status of Reserve Component Members***

Based on our review of BAH forms, we found that 17 of 66 ARNG and ANG members in our sample had outdated or missing BAH forms that were used to determine the BAH rate. Specifically, officials did not ensure that members had a current BAH form that documented their dependency status prior to their COVID-19 activation as required by the DoD FMR.<sup>43</sup>

In addition to the DoD FMR requirement for recertification of dependency status, ARNG members are required to annually recertify their BAH entitlement by completing a new DA Form 5960 in accordance with a FY 2017 Army memorandum.<sup>44</sup> Additionally, the Air Force Manual aligns with the DoD FMR requirement to recertify BAH entitlements every 3 years for ANG members.<sup>45</sup>

<sup>42</sup> DoD FMR, volume 7A, chapter 26. Documentation to support the with-dependent BAH rate includes BAH forms and proof of dependency documentation, such as marriage certificates and birth certificates.

<sup>43</sup> DoD FMR, volume 7A, chapter 26.

<sup>44</sup> DoD FMR, volume 7A, chapter 26. Acting Assistant Secretary of the Army (Manpower and Reserve Affairs) memorandum, “Recertification of and Supporting Documentation Required for the Basic Allowance for Housing Entitlement for Regular Army and Reserve Component Soldiers,” August 16, 2017.

<sup>45</sup> Air Force Manual 65-116, volume 3. DoD FMR, volume 7A, chapter 26.

ARNG members use the DA Form 5960 and ANG members use the AF Form 594; the members used both forms to document members' dependency status to determine BAH rates.

During our review, we found that five ANG members did not recertify the status of their dependents every third year from the previous certification. For example, an ANG member was activated on April 8, 2020; however, the member's AF Form 594 was certified in June 2016, which is more than 3 years prior to the member's activation date. In addition, 12 ARNG members did not recertify their dependency status every year by completing a new DA Form 5960, in accordance with the FY 2017 Army memorandum. Of the 12 ARNG members, three members did not recertify their dependency status every 3 years in accordance with the DoD FMR requirement. For example, an ARNG member was activated on April 21, 2020; however, the member's DA Form 5960 was certified in December 2011, more than 8 years prior to the member's activation date. In addition to the 12 ARNG members who did not recertify their dependency status in a timely manner, we found one instance where ARNG officials did not update the dependency status of a member in the personnel system in a timely manner, even though the member completed a new DA Form 5960.<sup>46</sup> Specifically, the ARNG member was activated on March 25, 2020, and was married on April 4, 2020. The member reported their dependency status change to ARNG officials on April 10, 2020. According to the DoD FMR, the BAH with-dependent rate is authorized as of the date a dependent is acquired. However, ARNG officials did not update the member's dependency status in the personnel system during the member's activation period, resulting in an underpayment of \$384.

### ***Lack of Validation of BAH Dependency Status for ARNG and ANG Members Married to Other Service Members***

Based on our review of BAH forms, 5 of 66 ARNG and ANG members did not have adequate documentation or validation of the dependency status for members married to other military members. We found that although both ARNG and ANG BAH forms included the military spouse's social security number and duty station, the forms do not include spouses' pay status to determine if spouses are concurrently on active duty. According to the DoD FMR, Reserve Component members entitled to basic pay cannot be considered a dependent for BAH purposes.<sup>47</sup> Moreover, when two married members entitled to basic pay have a dependent, the members must decide which member will receive BAH at

<sup>46</sup> See Appendix F, row 2 for monetary impact.

<sup>47</sup> DoD FMR, volume 7A, chapter 26. Only when a Reserve or Active Component member enters a non-pay status, may the other member claim the spouse member as a dependent to receive BAH at the with-dependent rate for the duration of the non-pay status.

the with-dependent rate. However, for ARNG members married to a military member on active duty with dependents, the DA Form 5960 does not provide the option to document which member will claim the dependents for BAH purposes. Additionally, because Reserve Component members are not constantly activated and because BAH forms are not required to be updated for each activation, the BAH form may have outdated information. Specifically, information related to the spouse's pay status or which member will claim a child as their dependent, which is required to determine the BAH rate paid to each member, may not be accurate.

In addition, we determined that the ARNG and ANG did not implement additional procedures to validate the dependency status of ARNG and ANG members married to other Reserve or Active Component members. ARNG and ANG officials stated that a verification of whether the spouse of an activated member is also on active duty can only be done for members activated within the same Reserve Component and state, territory, or the District. For example, if a California ARNG member is married to an Oregon ARNG or ANG member, California ARNG officials would not be able to verify the pay status of the spouse in Oregon. Specifically, the units relied on members to self-report the pay status of the member's military spouse and did not complete any further validation. ARNG and ANG officials stated that they did not have access to the systems that contained the spouse dependency information and were unable to fully validate the dependency status of members from different Reserve or Active Components, or members of the same Component assigned in another state, territory, or the District. Therefore, the ARNG and ANG do not have adequate documentation or validation of the dependency status of members married to other members in the Reserve or Active Components.

### ***Incomplete BAH Forms***

Based on our review of BAH forms, we found that 20 ARNG and ANG members had incomplete BAH forms that were used to determine the BAH rate. In some instances, members were missing critical information such as the date of marriage, name of dependents, and whether the member certified that they provided adequate support for the dependents listed. This critical information is used to determine the BAH rate each member will be paid. In addition, certifying officers did not always sign BAH forms, which certify that the information listed on the form is complete and accurately supported. Therefore, dependency information on BAH forms was not fully documented for 20 ARNG and ANG members.

### ***FSA Eligibility Was Not Confirmed for ARNG and ANG Members***

The ARNG and ANG did not confirm FSA eligibility for 12 Reserve Component members supporting COVID-19 missions. The DoD FMR states that FSA is payable to a member on temporary duty away from the permanent duty station continuously for more than 30 days, and the member's dependents do not reside



at or near the temporary duty location.<sup>48</sup> Members eligible for FSA must complete a DD Form 1561. To determine if the ARNG and ANG confirmed the FSA eligibility for the 66 members in our sample, we reviewed supporting documentation based on the DoD FMR eligibility requirement that members must have dependents, be away for more than 30 days, and be located more than 50 miles from their dependents.<sup>49</sup> We also determined if the member submitted a DD Form 1561 and if the member received an FSA payment for the eligible period. We identified the following issues.<sup>50</sup>

- Five ARNG members were eligible for FSA during back-to-back orders, but were not paid for the days served on the annual training orders.<sup>51</sup> Some ARNG officials stated that they were not aware of the requirement to pay full FSA entitlement to members supporting COVID-19 missions, who were activated under back-to-back orders. For example, if a member was initially activated on annual training orders and subsequently activated on 10 U.S.C. § 12302 (2018) orders for more than 30 days, FSA was not paid for the days served under the first set of annual training orders.
- Eight ARNG members were approved for FSA by ARNG officials who certified the DD Form 1561 before the member was eligible. In one instance, a member was activated on orders from April 6, 2020, through March 29, 2021. The DD Form 1561 was completed on April 3, 2020, and the member certified that he had been ordered to and had performed temporary duty for more than 30 continuous days. An ARNG official certified the DD Form 1561 on April 21, 2020. However, the member was not eligible for FSA until May 6, 2020.
- FSA eligibility for three ARNG members and three ANG members was not confirmed.<sup>52</sup> For example, one ANG member was activated from April 17, 2020 through May 31, 2020. The member completed a DD Form 1561, and was paid \$375. The member was not eligible for this payment as their temporary duty location was only 25 miles from their dependents. ANG officials certified the DD Form 1561, but did not confirm the 50-mile eligibility criteria. Additionally, two ARNG members were not paid FSA even though they were more than 50 miles away from their dependents for more than 30 days.

<sup>48</sup> DoD FMR, volume 7A, chapter 27.

<sup>49</sup> DoD FMR, volume 7A, chapter 27.

<sup>50</sup> We identified multiple FSA issues for some ARNG members, resulting in some ARNG members being included in more than one of the identified issues.

<sup>51</sup> See Appendix F, rows 6, 7, 8, 9, and 11 for monetary impact.

<sup>52</sup> See Appendix F, rows 10, 12, 13, 18, 19, and 20 for monetary impact.

In addition, we determined that the ARNG and ANG did not consistently track whether members returned to their primary residence during their activation or if members were on duty for 30 continuous days to receive FSA. For example, in one location included in our sample, ARNG officials had a tracking system that monitored members' FSA eligibility to include if members had dependents, if the members were separated from the dependents, and if the members returned home during the activation. However, we found that another state relied on the ARNG member to track their own leave to return home and did not have a tracking mechanism. ANG officials in another location reviewed travel vouchers; however, the travel vouchers would not indicate if a member returned home on their own, resulting in the member not being eligible for FSA.

### ***The ANG Did Not Process Timely FSA Entitlements***

The ANG activation process did not include steps to pay FSA entitlements when members became eligible. Instead, two ANG members who were eligible for FSA were paid after they completed the active duty period and two ANG members were not paid their FSA entitlement during the time period covered by our review.<sup>53</sup> According to the DoD FMR, FSA is payable when members are away from their dependents for more than 30 continuous days, and meet the minimum distance between the temporary duty location and the member's dependent residence during the temporary duty period.<sup>54</sup> According to the Air Force Manual, a member's FSA entitlement will be processed when the member has been in a temporary duty status for 30 days.<sup>55</sup> Moreover, the Air Force Manual states that the finance office will provide members with a DD Form 1561 upon departure from their primary residence when members are separated from their dependents while performing active duty.<sup>56</sup> It further states that the finance office will ensure a certifying officer completes Part II of the DD Form 1561 when members have been on duty for 30 days. However, ANG officials did not pay FSA after more than 30 consecutive days of activation.<sup>57</sup> Instead, ANG officials waited until members' active duty period ended to make FSA payments. For example, an ANG member was activated from May 16, 2020, through July 18, 2020; however, the member did not complete the DD Form 1561 until July 13, 2020, and was not paid for FSA until August 21, 2020.

---

<sup>53</sup> See Appendix F, rows 18 and 19, for monetary impact. Two of the four eligible ANG members received accurate payments, but were not paid in a timely manner. Therefore, they were not included in Appendix F.

<sup>54</sup> DoD FMR, volume 7A, chapter 27.

<sup>55</sup> Air Force Manual 65-116, volume 3.

<sup>56</sup> Air Force Manual 65-116, volume 3.

<sup>57</sup> For our sample of ANG members, four members were eligible for the FSA entitlement.

### ***The ARNG and ANG Did Not Accurately Validate Manually Entered Entitlement Transactions***

The ARNG and ANG did not validate the accuracy of BAH, FSA, and BAS entitlement transactions manually entered into the payment system. BAH, FSA, and BAS entitlements are paid in accordance with DoD FMR policies and the Military Services are responsible for ensuring that data input into the payment system are accurate and timely.<sup>58</sup> According to Defense Finance and Accounting Service system controls, a minimum of 10 percent of manual transactions must be reviewed per day by a third party to verify payment information and prevent inaccurate payments.

Even though ARNG and ANG officials stated that they follow the policy to review 10 percent of manual transactions, we determined that a 10 percent review was insufficient as there were instances in our sample where manual transactions were inaccurately processed. We found that 5 of 34 ARNG members had inaccurate payments due to data entry errors.<sup>59</sup> For example, an ARNG member was underpaid \$1,080.80 in BAH entitlement because their servicing personnel office entered the incorrect code for BAH. We also found that 4 of 32 ANG members had inaccurate payments due to data entry errors.<sup>60</sup> For example, an ANG member was underpaid \$62.10 in BAS entitlements because ANG personnel entered incorrect transaction dates. Overall, we identified that 9 out of 66 (14 percent) ARNG and ANG members that we reviewed were paid incorrectly due to data entry errors during manual transactions.

### **The National Guard Bureau Did Not Establish Comprehensive Policies and Procedures for BAH and FSA Entitlements**

BAH and FSA entitlements were not always validated because the NGB did not establish comprehensive policies and procedures to guide ARNG and ANG officials when determining the correct BAH rate and eligibility for Reserve Component members who received the FSA entitlement during the activation process.

<sup>58</sup> DoD FMR, volume 6A, chapter 2.

<sup>59</sup> See Appendix F, rows 1, 3, 4, 5, and 14 for monetary impact.

<sup>60</sup> See Appendix F, rows 15, 16, 17, and 21 for monetary impact.

**BAH PRIMARY RESIDENCE**

The NGB did not develop specific policies and procedures related to documenting and recertifying primary residence to determine accurate BAH rates. During the activation process, ARNG and ANG officials did not have consistent policies that required each of the 54 locations to review, certify, and maintain proof of residency documents. For example:

*The NGB did not develop specific policies and procedures related to documenting and recertifying primary residence to determine accurate BAH rates.*

- The DA Form 5960 is an outdated form that refers to BAH as variable housing allowance/basic allowance for quarters, entitlements that had different eligibility requirements and were replaced by BAH in 1998 (over 20 years ago). Additionally, the Army Unit Level Finance Procedures Manual states that ARNG officials use the DA Form 5960 to ensure the correct rate of BAH is paid to the ARNG member. Although some ARNG members documented their primary residence address in different fields of the DA Form 5960, there was no field for the member's primary residence address. Therefore, it is not clear that ARNG members should include their primary residence address on DA Form 5960 to ensure the correct BAH rate is paid.
- The AF Form 594 had no field for the member to include their primary residence address.

Neither the ARNG nor ANG forms clearly stated where the member should document their primary residence address and did not have a field that documented a review or certification of the member's primary residence. Although the ANG issued a memorandum requiring all ANG members to provide proof of residency documentation, there was no requirement to document the review or maintain supporting documents.

**BAH DEPENDENCY**

The NGB did not create specific policies and procedures that outlined the method to use, or the frequency to verify, member dependency status. During the activation process, the ARNG and ANG did not recertify or fully document members' dependency status on BAH forms because the NGB did not create specific policies and procedures for recertifying BAH dependency status to clarify DoD FMR requirements, and the ARNG and ANG processed member dependency according to each Military Service's interpretation of the DoD FMR and current ARNG and ANG policies.<sup>61</sup>

<sup>61</sup> DoD FMR, volume 7A, chapter 26.

According to an USD(P&R) official's explanation of the BAH dependency requirement within the DoD FMR, a member not claiming a dependent for a housing allowance would never have to recertify that they have no dependents on a dependent application unless the member claims a dependent.<sup>62</sup> However, ARNG officials stated during interviews that the DoD FMR requirement included recertification for all members regardless of their dependency status, which did not align with explanations provided by USD(P&R) officials.<sup>63</sup> In addition, ARNG officials noted that current Army guidance related to recertifying DA Form 5960 is confusing and unclear. For example, in addition to DoD FMR requirements, a FY 2017 Army memorandum required members to annually recertify their BAH entitlement by completing a new DA Form 5960.<sup>64</sup> ARNG officials fulfilled this requirement by asking members to review the DA Form 5960 during the annual records review that includes reviewing personnel data during their birth month. If there is a change, a new DA Form 5960 is required; otherwise, a new form is not required. This ARNG process is not aligned with the requirements in the FY 2017 memorandum that required each member to complete a new DA Form 5960 annually, regardless of dependency changes.

According to Air Force Manual 65-116, members with dependents are required to recertify every 3 years. However, if the ANG member's dependency status does not change, the Reserve Pay Office does not have to sign the recertified AF Form 594. Although the frequency of the recertification aligns to the requirements of the DoD FMR, the ANG method for recertifying AF Form 594 does not provide any record that ANG officials conducted a recertification for members with dependents.

The NGB also did not have a policy that required ARNG and ANG officials to perform or document the steps taken when determining BAH rates for military members married to other military members. Additionally, officials did not perform steps to determine which military member would claim dependents, especially if the member's spouse was a member of a different Military Service or if the spouse was a Reserve Component member in a different one of the 54 locations than the member being reviewed. BAH forms do not capture sufficient information regarding the spouses of Service members that are also in a Military Service.

<sup>62</sup> DoD FMR, volume 7A, chapter 26.

<sup>63</sup> DoD FMR, volume 7A, chapter 26.

<sup>64</sup> DoD FMR, volume 7A, chapter 26. Army Memorandum, "Recertification of and Supporting Documentation Required for the Basic Allowance for Housing (BAH) Entitlement for Regular Army and Reserve Component Soldiers Memorandum," August 16, 2017.

**FSA ELIGIBILITY**

The ARNG and ANG did not confirm the FSA eligibility of members because the NGB did not provide specific FSA policies and procedures to the ARNG and ANG. According to ARNG and ANG officials, officials processed FSA payments based on

*The ARNG and ANG did not confirm the FSA eligibility of members because the NGB did not provide specific FSA policies and procedures to the ARNG and ANG.*

officials' interpretations of current ARNG and ANG policies and the DoD FMR.<sup>65</sup>

For example, although authorized, some ARNG officials did not pay FSA to members on back-to-back orders because of their incorrect interpretation of the DoD FMR.<sup>66</sup> Specifically, for members

that received both title 32 and title 10 back-to-back orders, one of the locations did not count the title 32 active duty days toward the more than 30 continuous days required to receive FSA.

In addition, an ANG member was not paid FSA because ANG officials stated that the member was not authorized to receive FSA when assigned to complete temporary duty at their normal duty location based on ANG officials' interpretation of the DoD FMR.<sup>67</sup> The DoD FMR states that FSA is payable to a member on temporary duty away from the permanent duty station continuously for more than 30 days, and the member's dependents do not reside at or near the temporary duty location.<sup>68</sup> However, according to ARNG and ANG officials and the instructions included in the DD Form 1561, the primary residence of Reserve Component member is considered their permanent duty station for FSA purposes. Therefore, while the DoD FMR establishes the Reserve Component member's primary residence location as a basis for the BAH rate, the use of the Reserve Component member's primary residence for FSA eligibility is not established in the DoD FMR.<sup>69</sup>

Furthermore, the NGB did not establish policies or procedures for aspects of the FSA entitlement. Specifically, the NGB did not establish policies or procedures regarding how ARNG and ANG officials should track whether members are returning to their primary residence during their activation, violating the requirement of 30 continuous days away from their dependents. According to the DoD FMR, Service members are eligible for the FSA entitlement when they are away from their dependents for more than 30 continuous days. In addition, some ARNG and ANG officials did not have policies related to tracking members' FSA eligibility

<sup>65</sup> DoD FMR, volume 7A, chapter 27.

<sup>66</sup> DoD FMR, volume 7A, chapter 27.

<sup>67</sup> DoD FMR, volume 7A, chapter 27.

<sup>68</sup> DoD FMR, volume 7A, chapter 27.

<sup>69</sup> DoD FMR, volume 7A, chapters 26 and 27.



requirements such as whether members were away for the required period and did not return to their primary residence before the end of their activation or when members meet the separation requirement through back-to-back orders.<sup>70</sup> If members returned to their primary residence before the 30 days of separation, they would not be eligible for FSA and if members returned to their primary residence after more than 30 days of separation, it would affect the total amount of FSA paid to the member.

## **The National Guard Bureau Did Not Develop a Method to Disseminate or Communicate Policies**

The NGB did not develop communication and dissemination methods for ARNG and ANG officials to provide all 54 locations with applicable entitlement processing policies. The NGB is responsible for issuing directives, regulations, and publications for the ARNG and ANG and is the channel of communication on all matters pertaining to the ARNG and ANG between the Departments of the Army, the Air Force, and the 54 locations. However, during the coordination with 28 locations to obtain key documentation supporting entitlements, we found that the ARNG and ANG had inconsistencies in dissemination and implementation of policies and procedures. For example, according to ARNG officials, specific guidance related to the DA Form 5960 may not have been given to all ARNG personnel at the 54 locations. When discussing the method of disseminating and communicating entitlement policies, officials from the ARNG Financial Service Center, ARNG Financial Operations Division, and Headquarters, Department of the Army, also stated that the ARNG does not have a central repository for entitlements guidance and policies for the 54 locations to access the current requirements.

In addition, some ANG officials were not following or implementing the proof of residency requirement when establishing or changing members' primary residence address, which was required in the FY 2019 ANG memorandum.<sup>71</sup> Furthermore, according to ARNG and ANG officials, they use different communication methods to provide new information or guidance to the offices for processing entitlements, such as e-mail and electronic messages sent within an internal system. However, these communication methods cannot ensure all appropriate personnel receive the guidance and new personnel would not have access to the previously provided policies and procedures. Without a central repository or a method that confirms receipt of policies or procedures, the ARNG and ANG cannot ensure all states, territories, and the District have the most current, applicable policies and procedures related to entitlements.

<sup>70</sup> DoD FMR, volume 7A, chapter 27.

<sup>71</sup> "Proof of Residence ANG Memorandum," March 4, 2019.

Additionally, ANG officials did not process FSA entitlements in a timely manner because the NGB did not issue policies and procedures to ensure that the 54 locations received and consistently implemented policies in accordance with the DoD FMR and ANG policy regarding FSA entitlements processing.<sup>72</sup> According to 10 U.S.C. § 10503 (2018) and DoD Directive 5105.77, the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Further, ANG officials did not comply with the DoD FMR and Air Force Manual, which state that ANG members are eligible for FSA after more than 30 consecutive days of activation because the NGB did not issue policies and procedures to ensure that all 54 locations implemented the correct policies.<sup>73</sup>

## The National Guard Bureau Did Not Establish Adequate Control Over Manually Processed Entitlement Payments

The ARNG and ANG did not validate the accuracy of entitlement transactions manually entered into the payment system because the NGB did not establish

*The ARNG and ANG did not validate the accuracy of entitlement transactions manually entered into the payment system because the NGB did not establish adequate controls for the ARNG and ANG to process entitlement payments.*

adequate controls for the ARNG and ANG to process entitlement payments. Specifically, the ARNG and ANG performed limited reviews (10 percent) of transactions manually entered in the payment system. During the FY 2017 Army Financial Statement audit, this review process was identified as a deficiency that contributed to

one of the financial management material weaknesses. In FY 2017, the auditors recommended that the Army complete a 100 percent review of transactions submitted to the payment system; however, Army officials considered a 100 percent review of transactions submitted to the payment system as cost prohibitive.<sup>74</sup> As of FY 2020, the Army Financial Statement audit still reported this process as a deficiency.<sup>75</sup> In addition, the FY 2021 Air Force Financial Statement audits will include an assessment of new risk factors that were found related to how BAH and BAS entitlements are submitted to the payment system

<sup>72</sup> DoD FMR, volume 7A, chapter 27.

<sup>73</sup> DoD FMR, volume 7A, chapter 27. Air Force Manual 65-116, volume 3.

<sup>74</sup> Army Notice of Finding and Recommendation titled "Completeness and Accuracy of Manual Transactions Entered in webDMO (M-2017-06)," signed by Army management in June 2017.

<sup>75</sup> Army Notice of Finding and Recommendation titled "Completeness and Accuracy of Manual Transactions Entered in webDMO (NFR GM-2020-07)," signed by Army management in June 2020.

including the current (10 percent) review process. After the FY 2021 assessment is completed, any results will be reported, including any identified deficiencies in the entitlement process.

## Conclusion

Clear guidance and sufficient controls over the activation process, dissemination of guidance, and compliance with that guidance are necessary to ensure that ARNG and ANG officials are accurately paying members the entitlements they are eligible to receive. Without clear activation processing guidance, ARNG and ANG members are at increased risk of not receiving accurate and timely payments for BAH, FSA, and BAS entitlements while activated in support of COVID-19 missions. Specifically, 21 of 66 Reserve Component members activated from March 22, 2020 through May 31, 2020, were not accurately paid; 15 were underpaid a total of \$4,817.92, and 6 were overpaid a total of \$1,536.05 for the 3-month period that we reviewed. See Appendix F for a description of the overpayments and underpayments.

Paying ARNG and ANG members accurately and in a timely manner may protect members from unexpected financial hardships and prevent ARNG and ANG officials from performing additional steps to correct overpayments or underpayments. Specifically, additional steps may include the process of recovering overpaid funds that may have already been spent by the member or repaying underpaid amounts that were not originally accounted for by the Government. Additionally, having inadequate procedures and controls to validate the primary residence used to determine BAH entitlement puts the ARNG and ANG at risk of potential fraud when establishing BAH rates for members, which may result in the overpayment of BAH to all activated Reserve Component members.

Since ARNG and ANG officials used the same procedures and policies to confirm and pay Reserve Component member BAH and FSA entitlements used for other active duty missions, the issues we identified could be systemic, affecting current and future Reserve Component members. Although we reviewed activation documentation for only 66 ARNG and ANG members, any of the 44,116 members in our audit universe and members currently supporting COVID-19 missions could have been affected by this lack of guidance, controls, and oversight.

## Recommendations, Management Comments, and Our Response

### **Recommendation 1**

**We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, in coordination with the Under Secretary of Defense for Personnel and Readiness, update the DoD Financial Management Regulation, volume 7A, “Military Pay Policy – Active Duty and Reserve Pay,” chapter 27, “Family Separation Allowance” to:**

- a. Clearly state that the permanent duty station of a Reserve Component member on temporary duty status is the member’s primary residence for the purpose of determining Family Separation Allowance entitlement.**
- b. Clarify that Family Separation Allowance entitlement determination is based on the commuting distance between the member’s primary residence and their temporary duty location.**

### ***Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD Comments***

The Acting Deputy Chief Financial Officer, responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, agreed with the recommendation. The Acting Deputy Chief Financial Officer stated that the DoD FMR, volume 7A, chapter 27 will be updated to state that the permanent duty station of a Reserve Component member on temporary duty status is the member’s primary residence for the purpose of determining the FSA entitlement. In addition, the Acting Deputy Chief Financial Officer stated that the DoD FMR, volume 7A, chapter 27 will be updated to clarify that the FSA entitlement determination is based on the commuting distance between the member’s primary residence and their temporary duty location. The estimated completion date is March 31, 2022.

### ***Our Response***

Comments from the Acting Deputy Chief Financial Officer addressed the specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close this recommendation once we verify that the updates to the DoD FMR, volume 7A, chapter 27 have been completed and determine that the updates fully address the recommendation.

### ***Air National Guard, Financial Management Operations Comments***

Although not required to comment, the Division Chief, Financial Management Operations, ANG, agreed with our recommendation. Specifically, the Division Chief stated that it would be beneficial to update the DoD FMR to clarify the points stated in the recommendation. In addition, the Division Chief stated that for members outside of the local area, there is no stipulation that members may not voluntarily return to their home of record (primary residence) on non-duty days as long as they meet the 30-day separation requirement and submit the required documentation for the FSA entitlement. Additionally, the Division Chief stated that in cases of members supporting COVID-19 missions within the local area, there was a requirement that members lodge outside of the home of record due to possible exposure to COVID-19, and that in those cases, members who were separated from their dependents for 30 consecutive nights were eligible for the FSA entitlement. Finally, the Division Chief provided definitions of commuting distances from the Joint Travel Regulation and the DoD FMR.

### ***Our Response***

While this recommendation was not directed to the ANG, we acknowledge the ANG position that members outside of the local area can voluntarily return to their primary residence on non-duty days as long as they meet the 30-day separation requirement and submit the required documentation for the FSA entitlement.

To ensure accurate payment of the FSA entitlement, we recommended in Recommendation 2.d. that the Chief, NGB, in coordination with the Director of the ARNG and the Director of the ANG, develop and implement policies and procedures to track ARNG and ANG members when they return to their primary residence.

Additionally, we acknowledge that there were instances where members supporting COVID-19 missions within the local area were required to remain away from their dependents. We considered these unusual conditions during the audit.

### ***Recommendation 2***

**We recommend that the Chief, National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement policies and procedures to:**

- a. Require the Army National Guard and Air National Guard to complete a review of proof of residency documentation when the member's primary residency is established or changed for the Basic Allowance for Housing entitlement to ensure consistency throughout all Army National Guard**

**and Air National Guard units and organizations within every state, territory, and the District. The policies and procedures should also include requirements that:**

- **document a member's primary residence address;**
- **require members to provide proof of their primary residence address;**
- **certify the primary address of members and review supporting documentation; and**
- **provide oversight to ensure primary residence address information is complete and accurate.**

### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendation was coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Personnel Policy Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the ARNG will develop policies consistent with both Army policy and NGB guidance that require proof of residency documentation. The documentation (only one document will be required) will be uploaded with a new DA Form 5960 for every address change or no less than biannually for certification. The estimated completion date is October 1, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, disagreed with the recommendation. Specifically, the Division Chief stated that the recommendation must be addressed to the Secretary of the Air Force Financial Management level because the current Air Force Manuals do not require proof of residency documentation and the recommendation conflicts with the Air Force Manual procedures. In addition, the Division Chief stated that the recommended controls are not needed as the ANG is relying on self-service procedures that do not require military pay technician intervention. The Division Chief also stated that oversight is provided by quality assurance managers, a certifier review prior to payroll submittal, and daily transaction reviews by pay technicians, as well as a review of processed transactions. Additionally, the Division Chief stated quality assurance managers randomly select and review pay documents quarterly, which could include BAH-related transactions.



## *Our Response*

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will develop and implement NGB-level policies and procedures requiring proof of residency of ARNG and ANG members. NGB-level policy is necessary because we found inconsistencies in how the ARNG and ANG implemented the applicable entitlement processing policies. According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Our recommendation was not intended to suggest that the ARNG and ANG develop their own proof of residency policies for the BAH entitlement. We request that the Chief, NGB, provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.

The Chief, Personnel Policy Division, ARNG, proposed to develop policies to require proof of residency documentation consistent with Army policy and NGB guidance. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies for the ARNG and ANG to follow.

We disagree with the ANG position that the recommendation must be addressed to the Secretary of the Air Force Financial Management level. Although the Division Chief, Financial Management Operations, ANG, stated that the recommendation contradicts the current Air Force Manuals, these manuals do not specify or prohibit the ANG from requesting proof of residency documentation. Furthermore, the 2019 ANG Readiness Center Memorandum requires all ANG members to provide proof of residency documentation when establishing or changing their primary residence address. Although the Division Chief stated that the ANG conducts oversight of daily transactions and pay affecting documents, this oversight does not include reviewing proof of residency documentation because the ANG is not consistently following the 2019 ANG Readiness Center Memorandum that requires all ANG members to provide proof of residency documentation.

During the course of the audit, we acknowledged that the procedures for establishing or changing the primary address used to determine the BAH entitlement was not solely a Financial Management or military pay technician responsibility. Therefore, we directed the recommendation to the Chief, NGB, and did not specifically state whether the personnel or finance offices should request and review the proof of residency documentation when the primary residency is established or changed. The intent of the recommendation is for the Chief, NGB, in coordination with the Director of the ANG, to determine whether the personnel

or finance office will obtain and review the proof of residency documentation. Furthermore, the intent of the recommendation was not to discourage the use of self-service systems to establish or change the primary residence, but to implement appropriate internal controls to ensure ANG members' primary residence is validated when used to determine the BAH entitlement.

**b. Outline the process and frequency of recertification for Basic Allowance for Housing entitlement that Army National Guard and Air National Guard officials will use to verify and fully document the dependency status of members to provide clarification to the DoD Financial Management Regulation, volume 7A, chapter 26. These procedures should include:**

- **how recertifications will be completed;**
- **which members will complete a recertification; and**
- **how Army National Guard and Air National Guard officials will provide oversight to ensure that information is complete and accurate.**

### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendation was coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Personnel Policy Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the ARNG will establish biannual requirements, consistent with both Army policy and NGB guidance, for ARNG members to complete and upload the DA Form 5960 and respective supporting documentation. The estimated completion date is October 1, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, disagreed with the recommendation. Specifically, the Division Chief stated that the recommendation must be addressed to the Secretary of the Air Force Financial Management level, as compliance with audit recommendations requires modification of the Air Force Manuals that direct and define use of the Air Force Form 594 as the primary supporting document for dependency determination and BAH. The Division Chief also stated that Air Force Manual 65-116, volumes 1 and 3, specify the methodology and frequency for re-certification and require modification to support the audit recommendations. The Division Chief also stated that officials perform reviews of payroll submittals, daily transactions, processed transactions, and pay-affecting documents, which could include BAH-related transactions.

## *Our Response*

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will develop and implement NGB-level policies and procedures that outline the process and frequency of recertification for the BAH entitlement that ARNG and ANG officials will use. NGB-level policy is necessary because we found inconsistencies in how the ARNG and ANG implemented the applicable entitlement processing policies. According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Therefore, our recommendation was not intended to suggest that the ARNG and ANG develop their recertification policies for the BAH entitlement. We request that the Chief, NGB, provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.

The Chief, Personnel Policy Division, ARNG, proposed to develop biannual recertification requirements consistent with Army policy and NGB guidance. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies for the ARNG and ANG to follow.

We disagree with the ANG position that the recommendation must be addressed to the Secretary of the Air Force Financial Management level. Although the Division Chief, Financial Management Operations, ANG, stated that the recommendation contradicts the current Air Force Manuals, the regulation states that the Reserve Pay Office does not have to certify the AF Form 594 when a member does not have a dependency change at recertification. However, the current Air Force Manuals do not prohibit the ANG from documenting their review of the recertified AF Form 594 for members who do not have a dependency change or documenting in another manner that the recertification review was completed.

In addition, even though the Division Chief stated that oversight of daily transactions and pay affecting documents is conducted, we found that 5 of 32 ANG members in our sample did not have a current BAH form that documented the member's dependency status prior to their COVID-19 activation, as required by the DoD FMR. Therefore, we directed the recommendation to the Chief, NGB, to develop and implement NGB-level policies and procedures that outline the process and frequency of recertification for the BAH entitlement that ARNG and ANG officials will use to ensure consistency.

- c. **Require Army National Guard and Air National Guard officials to review and document the status of a military member married to another military member regardless of which Military Service, Reserve or Active Component, or Army National Guard or Air National Guard unit the member's spouse belongs to, and identify which member will claim any applicable dependents.**

### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendations were coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Personnel Policy Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the ARNG will develop policies, consistent with both Army policy and NGB guidance, requiring human resources professionals and commanders to request annual reviews of member-to-member entitlements, and also require finance offices to run and maintain records of the semi-annual report of ARNG members married to other military members and review the members' entitlements. The estimated completion date is October 1, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, agreed with the recommendation. Specifically, the Division Chief stated that contrary to findings in the report, ANG military pay technicians have the ability in the pay system to search a member's information with their social security number, regardless of Service or branch. In addition, the Division Chief stated there is either a lack of training or a lack of transparency and that the ANG must provide additional training and education in this area. Furthermore, the Division Chief confirmed that there is no automatic identifier of a military member married to another military member and suggested that a DoD-wide internal control be developed, since the solution would be outside the scope of the ANG, Financial Management.

### ***Our Response***

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will develop and implement NGB-level policies and procedures for reviewing and documenting the status of a military member married to another military member. NGB-level policy is necessary because we found inconsistencies on how the ARNG and ANG implemented the applicable entitlement processing policies.

According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Our recommendation was not intended to suggest that the ARNG and ANG develop their own policies to review and document the status of a military member married to another military member. We request that the Chief, NGB, provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.

The Chief, Personnel Policy Division, ARNG, proposed to develop policies requiring reviews of military members married to another military member consistent with Army policy and NGB guidance. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies for the ARNG and ANG to follow.

The Division Chief, Financial Management Operations, ANG, proposed additional training and education related to search functions within the military pay system for military members married to another military member. Additionally, the Division Chief suggested that the DoD mandate a system-developed DoD-wide internal control. During the course of the audit, ARNG and ANG officials stated that they did not have access to the systems that contained the spouse dependency information and were unable to fully validate the dependency status of members from different Reserve or Active Components, or members of the same component assigned in another state, territory, or the District. In addition, we determined that the ARNG and ANG did not implement additional procedures for reviewing and documenting the status of a military member married to another military member, and which member will claim any applicable dependents. The recommendation was directed to the Chief, NGB and will require the Chief, NGB to develop NGB-level policies to require the ARNG and ANG to review and document the status of a military member married to another military member and to identify which member will claim any applicable dependents.

**d. Specify the methods for confirming eligibility and paying Family Separation Allowance for Army National Guard and Air National Guard members, in accordance with the DoD Financial Management Regulation, volume 7A, chapter 27, and include the:**

- **timeliness of payments;**
- **determination of Family Separation Allowance eligibility for back-to-back orders;**
- **members assigned to their normal duty locations; and**
- **requirement to track members to know when they return to their primary residence.**

### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendations were coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Personnel Policy Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the ARNG will develop policies, consistent with both Army policy and NGB guidance, that require monthly reviews of the FSA entitlements and tracking of ARNG member movements. The estimated completion date is October 1, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, agreed with the recommendation. Specifically, the Division Chief stated that there is always room for improvement in timeliness of payments by improving Financial Management Operations and the response planners' processes. However, the Division Chief stated that it is not the responsibility of the finance office to verify accountability for every ANG member on temporary duty status to validate the FSA entitlement; rather, that is the responsibility of the ANG commanders. In addition, the Division Chief stated that there is a report that identifies when entitlements may have been missed and the Division Chief will ask the appropriate officials to add an administrative note to the report reminding military pay technicians to verify FSA during review of the report. Finally, the ANG will provide additional training to military pay technicians.

### ***Our Response***

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will develop and implement NGB-level policies and procedures that specify the methods for confirming eligibility and paying FSA to members. NGB-level policy is necessary because we found inconsistencies in how the ARNG and ANG implemented the applicable entitlement processing policies. According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Our recommendation was not intended to suggest that the ARNG and ANG develop their own policies to specify the methods for confirming eligibility and paying the FSA entitlement. We request that the Chief, NGB, provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.



The Chief, Personnel Policy Division, ARNG, proposed to develop policies requiring monthly reviews of FSA entitlements and tracking of ARNG member movements that are consistent with Army policy and NGB guidance. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies for the ARNG and ANG to follow.

The Division Chief, Financial Management Operations, ANG, proposed that ANG commanders are responsible for verifying the accountability of ANG members and additional training is needed for military pay technicians to review reports that can be used to identify when entitlements may have been missed. We acknowledged that the procedures for confirming eligibility and paying the FSA entitlement for the ARNG and ANG were not solely a Financial Management or military pay technician responsibility. However, when reviewing a DD Form 1561 from our sample, the ANG finance office certified that the member had been ordered to and had performed temporary duty status at a location for more than 30 continuous days. The recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies to specify the methods for confirming eligibility and paying the FSA entitlement, and for the ARNG and ANG to follow these policies and methods.

- e. **Establish formal dissemination and communication procedures for National Guard Bureau policies related to entitlements provided to the Army National Guard and Air National Guard, including the policies in the preceding recommendations. The procedures should require:**
  - o **creation of a central location where policies and procedures will be kept for easy access by all states, territories, and the District; and**
  - o **confirmation of receipt from all of the states, territories, and the District when procedures are communicated or obtained.**

### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendations were coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Personnel Policy Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the Personnel Policy Division will publicize a centralized digital location for all policies related to personnel pay. The estimated completion date is October 1, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, disagreed with the recommendation. Specifically, the Division Chief stated that the ANG consistently and clearly communicated clarification guidance when required, but does not develop duplicative communications regarding existing policies. In addition, the Division Chief stated that the ANG maintains a SharePoint site as a central repository of training and clarifying documents. The Division Chief also stated that the finance offices may not be prioritizing communication when they have many other responsibilities.

### ***Our Response***

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will establish formal dissemination and communication procedures for NGB-level policies related to entitlements provided to the ARNG and ANG. NGB-level policy is necessary because we found inconsistencies in how ARNG and ANG implemented the applicable entitlement processing policies. According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Our recommendation was not intended to suggest that the ARNG and ANG develop their own formal dissemination and communication procedures. We request that the Chief, NGB, provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.

The Chief, Personnel Policy Division, ARNG, proposed to publicize a centralized digital location for all policies related to personnel pay. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop NGB-level policies for dissemination and communication procedures provided to the ARNG and ANG.

We disagree with the ANG position that consistent and clear communication guidance has been provided. During the course of the audit, we coordinated with 28 ARNG and ANG locations to obtain key documentation supporting entitlements and found that the ARNG and ANG had inconsistencies in dissemination and implementation of policies and procedures. For example, we found that ANG officials provided guidance that stated members were not authorized to receive the FSA entitlement when assigned to complete temporary duty at their normal duty location, even though this was not in accordance with the DoD FMR and the DD Form 1561.

Additionally, we acknowledge that the ANG, Financial Management Office maintains a SharePoint site as a central repository; however, during the course of our audit, ANG personnel did not provide evidence of the SharePoint repository to the audit team. In addition, ARNG and ANG officials stated that they used different communication methods to provide new and updated information or guidance to the offices for processing entitlements, such as e-mail and electronic messages sent within an internal system. Therefore, we directed the recommendation to the Chief, NGB, to establish NGB-level policies for formal dissemination and communication procedures related to entitlements provided to the ARNG and ANG.

### ***Recommendation 3***

**We recommend that the Chief, National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement additional internal control procedures for the review of transactions manually submitted by the Army National Guard and Air National Guard to the payment system prior to payment to ensure the completeness and accuracy of transactions.**

#### ***Chief, National Guard Bureau Comments***

The Director of Staff, NGB, responding for the Chief, NGB, agreed with the recommendation. Specifically, the Director stated that the recommendations were coordinated with the appropriate functional owners within ARNG and ANG offices.

Although not required to comment, the Chief, Comptroller Division, ARNG, agreed with the recommendation. Specifically, the Chief stated that the ARNG will publish guidance to the U.S. Property and Fiscal Offices (54 locations) to increase the number of audits completed by the field auditor for long tour orders and maintain the audit results. In addition, the Chief stated that the staff accountant at a minimum, bi-annually, reviews the audit reports to ensure accuracy of long tour orders. Finally, the Chief stated that the financial audit compliance testing team will ensure that staff accountants are performing their reviews and audit the 54 locations every 2 years based on ARNG guidance. The estimated completion date is May 31, 2022.

Although not required to comment, the Division Chief, Financial Management Operations, ANG, agreed with the recommendation. Specifically, the Division Chief stated that ANG guidance provides quality assurance requirements, timeframes, and thresholds for review, re-review, and identification of discrepancies. In addition, the Division Chief stated that there are additional layers of assurance that are used. The Division Chief also stated that because the Air National Guard Reserve Order Writing System interfaces directly with the pay system, there are

fewer manual transactions. However, the Division Chief acknowledged there is a need to analyze and discuss with the NGB a modification to internal controls to reduce and minimize pay errors.

### ***Our Response***

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. Specifically, the Director agreed with the recommendation; however, the Director's response did not indicate whether the NGB will develop and implement additional internal control procedures for the review of transactions manually submitted by the ARNG and ANG. NGB-level policy is necessary because we found inconsistencies on how ARNG and ANG are implementing the applicable entitlement processing policies. According to 10 U.S.C. § 10503 (2018), the NGB is responsible for issuing directives, regulations, or publications for the ARNG and ANG consistent with approved policies of the Army and Air Force. Our recommendation was not intended to suggest that the ARNG and ANG develop their own additional internal controls procedures for the review of transactions manually submitted by the ARNG and ANG to the payment system prior to payment. We request that the Chief, NGB provide, in response to this final report, information regarding the actions the NGB intends to take to address the recommendation.

The Chief, Comptroller Division, ARNG, proposed to publish guidance to the 54 locations to increase the number of audits and reviews, and maintain the audit results. Although we appreciate the ARNG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop and implement additional NGB-level internal control procedures for the review of transactions manually submitted by the ARNG and ANG.

The Division Chief, Financial Management Operations, ANG, stated that the ANG currently has multiple layers of review and proposes analysis and discussion of further internal controls to minimize pay errors. Although we appreciate the ANG's response, the recommendation was directed to the Chief, NGB, and will require the Chief, NGB, to develop and implement additional NGB-level internal control procedures for the review of transactions manually submitted by the ARNG and ANG.

## Appendix A

---

### Scope and Methodology

We conducted this performance audit from April 2020 through January 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### ***Criteria and Guidance Reviewed***

We reviewed the following Federal laws; Presidential Memorandum; Executive Order; and DoD, Air Force, and Army criteria to understand the regulations that govern the entitlements and allowances for activated Reserve Component members.

- Multiple sections, titles 10 and 32, U.S.C. (See Appendix C for a full listing of sections reviewed)
- Presidential Memorandum, Federal Register, Vol. 85, No. 59, “Providing Federal Support for Governors’ Use of the National Guard To Respond to COVID-19,” March 22, 2020
- Executive Order 13912, “National Emergency Authority To Order the Selected Reserve and Certain Members of the Individual Ready Reserve of the Armed Forces to Active Duty,” March 27, 2020
- DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” volume 7A, “Military Pay Policy – Active Duty and Reserve Pay”
- DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” volume 6A, “Financial Reports, Roles, and Responsibilities”
- National Guard Regulation 37-104-3, “Financial Administration: Military Pay and Allowances Policy and Procedures – Army National Guard,” September 25, 2015
- Army Regulation 600-8-105, “Personnel-General: Military Orders,” March 22, 2019
- Army Regulation 600-8-104, “Personnel-General: Army Military Human Resource Records Management,” April 7, 2014
- US Army Reserve Pamphlet 37-1, “Financial Administration: Defense Joint Military Pay System – Reserve Component (DJMS-RC) Procedures Manual,” May 7, 2018
- Army Mobilization and Deployment Reference 2019,” February 22, 2019

- Department of the Army Pamphlet 600-8-105, “Personnel-General: Military Orders,” April 4, 2019
- DoD Manual 7730.54, volume 1, “Reserve Components Common Personnel Data System (RCCPDS): Reporting Procedures,” May 25, 2011 (Incorporating Change 2, January 28, 2019)
- Army Regulation 135-200, “Army National Guard and Reserve: Active Duty for Missions, Projects, and Training for Reserve Component Soldiers,” September 26, 2017
- DoD Instruction 1235.12, “Accessing the Reserve Components,” June 7, 2016 (Incorporating Change 1, February 28, 2017)
- Air Force Manual 65-116, volume 3, “Financial Management Defense Joint Military Pay System-Reserve Component,” November 7, 2019
- Air National Guard Instruction 65-101, “Air National Guard (ANG) Workday Accounting and Reporting Procedures,” May 10, 2018

## ***Interviews***

We reviewed the information available about the background, orders issuance process, entitlements, and allowances for activated Reserve Component members. Based on this information, we met with personnel from the following organizations to discuss the orders issuance process, entitlements, and allowances for activated Reserve Component members.

- We held eight entrance conferences with officials from the six DoD Reserve Components; four Combatant Commands; USD(P&R); Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer; and Defense Finance and Accounting Service.
- We interviewed officials from the NGB, ARNG, and ANG to discuss the information provided in response to our request for information, terminology for the audit, and the universe of Reserve Component members needed for the sample.

## ***Review of Documentation for Activating Reserve Component Members***

To understand the activation process for members in each of the six DoD Reserve Components, we reviewed:

- workflow for orders with a duration greater than 30 days;
- location of mobilization stations;
- instructions and regulations documenting processes and procedures for the issuance of orders with a duration greater than 30 days, processing of orders greater than 30 days (end-to-end process), entitlements and allowances processing, and human resource records management; and



- ongoing investigations or legal proceedings significant to the audit objective and the periods under review.<sup>76</sup>

### ***Selection of Reserve Components for Review***

We initially requested the total number of Reserve Component members on orders greater than 30 days and orders with a start date in: (1) FY 2018; (2) FY 2019; and (3) from October 2019 through April 2020, activated in support of the U.S. Africa Command, U.S. Indo-Pacific Command, and U.S. Southern Command. In addition, we requested the total number of Reserve Component members on orders activated in support of COVID-19 missions with a start date from March 22, 2020, through May 31, 2020. Based on the total numbers provided, we identified and scoped down our review from the six Reserve Components in the DoD to the Reserve Components with the greatest numbers of activated Reserve Component members. However, we focused our review on Reserve Component members supporting COVID-19 missions that were federally funded and did not continue the review of Reserve Component members supporting the three Combatant Commands. See Table 3 for the data we received.

*Table 3. Reserve Component Members Activated in Support of COVID-19 From March 22, 2020, Through May 31, 2020*

Reserve Component	COVID-19 Support		
	Less Than 30 Days	More Than 30 Days	Total
Army National Guard	1,127	33,776	34,903
Air National Guard	1,886	8,170	10,056
Army Reserve	1,259	3,913	5,172
Air Force Reserve	2,093	1,596	3,689
Navy Reserve	792	1,771	2,563
Marine Corps Reserve	42	853	895
<b>Total</b>	<b>7,199</b>	<b>50,079</b>	<b>57,278</b>

Source: DoD Reserve Components.

Based on the information in Table 3, we identified and reduced the scope of our review to the two Reserve Components with the greatest numbers of activated Reserve Component members supporting COVID-19 missions. As a result, we focused our COVID-19 review on ARNG and ANG members.

<sup>76</sup> The Office of the Chairman of the Joint Chiefs of Staff, "DoD Dictionary of Military and Associated Terms," as amended, defines mobilization stations as "the designated military installation to which a Reserve Component unit or individual is moved for further processing, organizing, equipping, training, and employment and from which the unit or individual may move to an aerial port of embarkation or seaport of embarkation."

## **Sample Selection of ARNG and ANG Members Supporting COVID-19 Missions**

We selected a random, non-statistical sample of activated Reserve Component members to determine if the members received the correct entitlements when activated in support of COVID-19 missions. We requested a by-name universe of Reserve Component members from the ANG and ARNG, supporting COVID-19 missions, which was provided on August 7 and 10, 2020. In August 2020, the ARNG and ANG provided an updated universe of 44,116 Reserve Component members, by name, supporting COVID-19 missions from March 22, 2020, through May 31, 2020. The list contained a total of 34,079 ARNG members and 10,037 ANG members supporting COVID-19 missions. We noted that the total number of ARNG members in this listing was different from the total number we received when selecting the Reserve Components for our review. ARNG personnel advised during followup that the total number of ARNG members supporting COVID-19 that was originally provided was the data in the system at the time the information was pulled, and that the listing of members provided in August would not reflect members whose orders had been cancelled, revoked, or changed after the original data was pulled.

For each ARNG and ANG member in the universe, we received Reserve Component member information including their full name, order start and end date, and order authority. Subsequently, we worked with the DoD OIG Quantitative Methods Division to select a random nonstatistical sample of 66 members from the universe of 44,116 ARNG and ANG members supporting COVID-19 missions.

We used a random sampling methodology with only one stratification, the activation authorities represented in the ARNG and ANG universes, to select the COVID-19 sample. The sample of 66 members includes a breakdown of 34 ARNG members and 32 ANG members from the total universe of 44,116 ARNG and ANG members. Tables 4 and 5 show the authorities that ARNG and ANG officials used to activate members in support of COVID-19 missions that were federally funded, and the sample selection breakdown for each Reserve Component.

*Table 4. Sample Selection of ARNG Members Who Started Support of COVID-19 Missions From March 22, 2020, Through May 31, 2020*

Authority	Total	Sample
32 U.S.C. § 502(f)	33,817	20
10 U.S.C. § 12302	258	10
10 U.S.C. § 12301(d)	4	4
<b>Total</b>	<b>34,079</b>	<b>34</b>

Source: The DoD OIG.

*Table 5. Sample Selection of ANG Members Who Started Support of COVID-19 Missions From March 22, 2020, Through May 31, 2020*

Authority	Total	Sample
32 U.S.C. § 502(f)	9,894	20
10 U.S.C. § 12302	128	10
10 U.S.C. § 12301(h)	15	2*
<b>Total</b>	<b>10,037</b>	<b>32</b>

\* We selected a sample of 10 members activated under 10 U.S.C. § 12301(h); however, ANG officials stated that all 10 members contracted COVID-19 and were not activated in support of COVID-19. The original sample was then replaced with 2 members that were activated in support of COVID-19.

Source: The DoD OIG.

### ***Entitlements Selection and Review Process***

For the purpose of this audit, we selected three entitlements that were paid to ARNG and ANG members supporting COVID-19 missions. We requested Leave and Earning Statements of ARNG and ANG members selected in our sample covering the start date of the orders through the next 3 months of the members' activation, as applicable.<sup>77</sup> To determine which entitlements would be included in our review, we received assistance from the DoD OIG Data Analytics Team to identify all of the entitlements from the Leave and Earning Statements of members selected in our sample. Based on that review, we selected the BAH, FSA, and BAS entitlements for our review since these three entitlements were the most frequently paid to ARNG and ANG members when activated. When reviewing the BAH entitlements, 2 of the 32 ANG members resided in a U.S. territory, resulting in the members receiving Overseas Housing Allowance. The Overseas Housing Allowance entitlement was not included in our audit scope; therefore, we did not review the accuracy of the Overseas Housing Allowance paid to the two ANG members.

During the audit, we identified process issues by comparing Leave and Earning Statements, military orders, and key supporting documents required to determine the eligibility for each entitlement and the amount that should have been paid to members for the BAH, FSA, and BAS entitlements for the applicable 3-month period we reviewed.

*BAH:* We reviewed supporting documentation such as promotion orders to confirm members' grade and rank and the BAH forms (DA Form 5960 or AF Form 594) to determine members' dependency status. In addition, we reviewed members' BAH forms or military orders to confirm members' primary residence. After confirming members' grade, rank, dependency status, and primary residence, we compared

<sup>77</sup> The Leave and Earnings Statement is a comprehensive statement of a member's leave and earnings showing entitlements, deductions, leave information, tax withholding information, and retirement plan information.

the BAH or BAH-Reserve Component amounts included in the Leave and Earning Statements to the confirmed BAH or BAH-Reserve Component rates effective from January 1, 2020, through December 31, 2020.

*FSA:* To determine ARNG and ANG members' FSA eligibility, we reviewed supporting documentation such as members' military orders, BAH forms, and travel vouchers to determine whether:

- the members had eligible dependents;
- the distance between the dependents and the members' temporary duty location was greater than 50 miles; and
- the number of days members were separated from their dependents was more than 30 days.<sup>78</sup>

In addition, we reviewed whether members completed a DD Form 1561 and whether ARNG and ANG officials certified the information provided on this form to support the payment of FSA. We also reviewed whether an ARNG or ANG official certified the form prior to or after the member performed temporary duty for more than 30 continuous days.

Once we reviewed the supporting documentation and DD Form 1561 provided, if the members were eligible to receive FSA, we reviewed the Leave and Earning Statements to determine whether FSA payments were made:

- to eligible members;
- after members completed more than 30 consecutive days of active duty; and
- at the rate of \$250 per month.<sup>79</sup>

*BAS:* As required by the DoD FMR, Service members receiving BAS must pay for all meals or rations provided by or for the Government using various methods of payment. When payments for these meals are made from members' pay, the payment is then collected as a debt. For the purposes of this audit, we did not review how members paid for their meals or any debts established when meals were paid using members' pay. The extent of our review included comparing members' BAS entitlement listed on the Leave and Earning Statements and verifying if the members received BAS for the eligible days on active duty. From January 1, 2020, to December 31, 2020, the BAS monthly rate was \$372.71 for enlisted members and \$256.68 for officers.

---

<sup>78</sup> When determining eligibility for the FSA entitlement, the team verified the member's dependents by using the information listed on the BAH form.

<sup>79</sup> The monthly FSA rate of \$250 has been in effect since October 1, 2002.

We noted any discrepancies between the actual amount paid and the amount that we calculated based on the available supporting documents for BAH, FSA, and BAS and listed the incorrect payments in Appendix F. Although the issues we identified could apply to all Reserve Component members, regardless of the mission, we are only reporting the results of the review of entitlements paid to ARNG and ANG members supporting COVID-19 missions.

## Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control activities, information and communication, and monitoring related to the identification and processing of BAH, FSA, and BAS entitlements during the activation process for Reserve Component members activated due to the Federal response to the COVID-19 pandemic. For control activities, we reviewed the policies that were implemented related to our audit objective. In addition, for information and communication, we reviewed whether policies and procedures were internally and externally communicated effectively. Finally, we reviewed whether policies and procedures were implemented to monitor the identification and processing of entitlements and whether deficiencies were corrected in a timely manner. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## Use of Computer-Processed Data

On August 25, 2020, we received Excel spreadsheets from NGB personnel that identified all ARNG members who began supporting COVID-19 missions from March 22, 2020, through May 31, 2020. Additionally, on August 10, 2020, we received Excel spreadsheets from ANG headquarters personnel that identified all ANG members who began supporting COVID-19 missions from March 22, 2020, through May 31, 2020. Although we were unable to determine that the data contained in the Excel spreadsheets were fully accurate, we received assistance from the DoD OIG Quantitative Methods Division to identify a random nonstatistical sample of 66 ARNG and ANG members for our review.

In addition, during our analysis, we used computer-processed data in the form of orders and Leave and Earning Statements. For each ARNG and ANG member selected from our sample, we requested these documents to determine if the member received accurate BAH, FSA, and BAS entitlements for their activation. We compared the information within each order and Leave and Earnings Statement

to information contained within the member's pay and personnel files. Based on our review, we determined that the information contained in the orders and Leave and Earning Statements was sufficiently reliable for the purposes of our review.

## Use of Technical Assistance

The DoD OIG Quantitative Methods Division personnel assisted us in selecting the random nonstatistical sample of ARNG and ANG members supporting COVID-19 missions to verify that entitlements and allowances were accurately processed and identified throughout the activation.

Additionally, the DoD OIG Data Analytics Team assisted us in selecting the entitlements to be reviewed for ARNG and ANG members supporting COVID-19 missions.

## Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the Air Force Audit Agency issued four reports discussing entitlements and allowances for Service members.

Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted Air Force Audit Agency reports can be accessed from <https://www.afaa.af.mil/> by clicking on "Freedom of Information Act Reading Room" and then selecting "Audit Reports."

## GAO

Report No. GAO-18-181, "Reserve Component Travel. DoD Should Assess the Effect of Reservists' Unreimbursed Out-of-Pocket Expenses on Retention," October 2017

The GAO reported that although the six DoD Reserve Components reported paying or reimbursing \$925 million in travel costs for reservists in FY 2015, the most recent year for which data were available, reservists may still incur various expenses that are not reimbursable under the DoD's travel regulations.

Report No. OIG-17-2, "Reservist Differential Pay. Policies and Procedures are Needed to Prevent or Detect Errors and Overpayments," December 2016

The GAO OIG determined that the GAO did not establish policies to help ensure compliance with all applicable provisions of the reservist's differential payment law. Further, when the Human Capital Office determined that reservist differentials were due and payable, it lacked written procedures for

determining eligibility for differential pay, computing the differential payment amounts, verifying the accuracy of payment computations, and reviewing and approving payments before the payments were made.

### ***Air Force***

Report No. F2020-0002-040000, "Accuracy of Air Reserve Component Pay after Duty Status Changes," January 10, 2020

The Air Force Audit Agency reported that Air Reserve Component personnel did not adjust Airman pay after duty status changes in accordance with guidance. Specifically, at nine units reviewed, personnel did not pay accurately or in a timely manner, 82 (32 percent) of 254 Airmen who mobilized during FY 2018, resulting in overpayments of \$37,532 and underpayments of \$41,410.

Report No. F2019-0004-RWT000, "Deployed Member Entitlements 17th Training Wing Goodfellow AFB TX," November 1, 2018

The Air Force Audit Agency reported that Wing personnel did not properly process deployed member entitlements for 13 (72 percent) of 18 sampled members. Improper processing of entitlements resulted in \$7,110 in underpayments and \$3,573 in overpayments.



## Appendix B

---

### Groups Within the Ready Reserve

The Ready Reserve includes the Selected Reserve, Individual Ready Reserve, and Inactive National Guard.

**Selected Reserve** members:

- are members from the six DoD Reserve Components who are generally required to perform one weekend of training each month and 2 weeks of training each fiscal year; and
- can volunteer or be involuntarily activated.

**Individual Ready Reserve** members:

- are members of the Army Reserve, Air Force Reserve, Navy Reserve, and Marine Corps Reserve who are in an active status;
- are primarily composed of members who have already received military training; and
- can volunteer for training or active duty assignments, and can also be involuntarily activated.<sup>80</sup>

**Inactive National Guard** members are the equivalent of the Individual Ready Reserve for members of the ARNG in inactive status.<sup>81</sup>

---

<sup>80</sup> Members of the Army Reserve, Air Force Reserve, Navy Reserve, and Marine Corps Reserve in inactive status are not required to perform any type of training and are not affiliated with a Reserve Component unit.

<sup>81</sup> ARNG members in inactive status are not required to perform any type of training but must report with their assigned units once per year. The ANG does not have members in inactive status.

## Appendix C

---

### Legal Authorities Used to Activate ARNG and ANG Members Supporting COVID-19 Missions

ARNG and ANG members supporting COVID-19 missions can volunteer or be activated involuntarily on the following authorities, represented in the audit scope and universe, in accordance with titles 10 or 32, U.S.C.

- Active Duty in Excess of Annual Training Requirements (10 U.S.C. § 12301[d]): Permits Secretaries of the Military Departments to order a Reserve Component member to active duty with the consent of the member. The purpose is to provide necessary skilled manpower assets to support existing or emerging requirements. This authority can be used for training, special work, or operational support. Reserve Component members activated under this authority could do so on Active Duty Operational Support or Active Duty for Training orders.
  - Active Duty Operational Support-Reserve Component: ARNG members performing Active Duty Operational Support-Reserve Component support Reserve Component missions beyond the Reserve Component unit's normal mission. Examples include exercises, projects, and conferences. Active Duty Operational Support-Reserve Component is limited to non-contingency missions.
- Active Duty for Medical Continuation (10 U.S.C. § 12301[h]): Permits Secretaries of the Military Departments to order a Reserve Component member to active duty to receive medical evaluation or care.
- Partial Mobilization (10 U.S.C. § 12302): Permits the Secretaries of the Military Departments to authorize the involuntary activation of members of the Ready Reserve under their jurisdiction for a period not to exceed 24 consecutive months. Reserve Component members may be activated under this authority without approval from Congress.
- Training and Other Duty (32 U.S.C. § 502[f]): Permits a member of the ARNG or ANG to voluntarily or involuntarily be ordered to perform training or other duties, which may include support of operations or missions undertaken by the member's unit at the request of the President or Secretary of Defense.

## Appendix D

---

### DoD Officials Involved in the Activation Process

The DoD officials involved in the activation process and their respective responsibilities are listed below.

#### Secretary of Defense

- Approves or is notified of all Reserve Component activations
- Designates the effective date of all Reserve Component activations based on presidential or congressional involvement
- May designate a maximum number of Reserve Component members to be activated under each authority

#### Secretaries of the Military Departments

- Activate Reserve Component forces while maintaining readiness for war or other national emergencies
- Forward Military Service-approved Reserve Component activation requests to the USD(P&R)
- Promptly publish and issue Reserve Component activation orders after Secretary of Defense approval of the Secretary of Defense Orders Book or USD(P&R) approval of the Secretary of Defense Notification Matrix of Service Secretary Approved Actions

#### Under Secretary of Defense for Personnel and Readiness

- Establishes policies concerning the alert and activation of Reserve Component members
- Reviews all activation requests approved by the Secretaries of the Military Departments via the Secretary of Defense Notification Matrix of Service Secretary Approved Actions
- Reviews all Reserve Component involuntary activation requests and forwards the requests for Secretary of Defense decision through the Secretary of Defense Orders Book

#### Under Secretary of Defense (Comptroller)/Chief Financial Officer

- Acts as the principal advisor to the Secretary Defense for budgetary and fiscal matters, including financial management, accounting policy and systems, management control systems, budget formulation and execution, and general management improvement programs
- Publishes and maintains the DoD FMR, DoD 7000.14-R that provides policies related to Active Duty and Reserve pay, including BAH, FSA, and BAS entitlements

## Appendix E

### Required Key Supporting Documents

As required by the DoD FMR, volume 6A and Service-specific guidance, the ARNG and ANG review supporting documents to substantiate the three entitlements for activated Reserve Component members, including those who were selected for this audit.<sup>82</sup> BAH, FSA, and BAS have distinct supporting document requirements and payment processing procedures. Table 6 shows the required ARNG supporting documentation by entitlement for the sample that we reviewed.

*Table 6. ARNG Required Supporting Documents, by Reviewed Entitlement*

ARNG Required Documents	BAH	FSA	BAS
DA Form 5960	X		
Proof of Dependents	X	X	
Proof of Grade and Rank	X		X
DD Form 1561		X	
Travel Voucher		X	
Military Order	X	X	X

Source: The DoD OIG.

Table 7 shows the breakdown of required ANG supporting documentation by entitlement for the sample that we reviewed.

*Table 7. ANG Required Supporting Documents, by Reviewed Entitlement*

ANG Required Documents	BAH	FSA	BAS
AF Form 594	X		
Proof of Dependents <sup>83</sup>	X	X	
Proof of Grade and Rank	X		X
DD Form 1561		X	
Travel Voucher		X	
Military Order	X	X	X

Source: The DoD OIG.

<sup>82</sup> DoD FMR, volume 6A, chapter 2.

<sup>83</sup> Proof of dependents for the ANG is documented on AF Form 594.

## Appendix F

### ARNG and ANG Members Incorrectly Paid

The following table shows the ARNG and ANG members that were incorrectly paid BAH, FSA, or BAS entitlements as described in Appendix A, “Entitlements Selection and Review Process.” During the review of the ARNG and ANG members’ entitlements, we determined the difference in the BAH, FSA, and BAS amount paid to the member and the BAH, FSA, and BAS amount that should have been paid in accordance with the DoD FMR.<sup>84</sup> If ARNG or ANG members received more or less than the amount they were eligible for, as supported by required documents, the amount is listed in Table 8, column C or D as an overpayment or underpayment, respectively. The overpayment and underpayment amounts in Table 8 were determined for the selected review period of the Leave and Earning Statements covering the start date of the ARNG and ANG members’ orders through the next 3 months of the members’ activation, as applicable.

*Table 8. ARNG and ANG Members Incorrectly Paid BAH, FSA, or BAS and the Amount of Overpayment or Underpayment*

	A	B	C	D	E
	Member Reviewed	Entitlement Paid Incorrectly	Amount of Overpayment	Amount of Underpayment	Cause or Reason of Incorrect Payment
1	ARNG_COVID_2	BAH	\$273.80		Manual entry error – incorrect ZIP code entered in pay system.
2	ARNG_COVID_13	BAH		\$384.00	Member’s dependency status was not updated in the personnel system in a timely manner.
3	ARNG_COVID_30	BAH	222.72		Manual entry error – incorrect dependency status entered in pay system.

<sup>84</sup> DoD FMR, volume 6A, chapter 2 and DoD FMR, volume 7A, chapters 25, 26, and 27.

*Table 8. ARNG and ANG Members Incorrectly Paid BAH, FSA, or BAS and the Amount of Overpayment or Underpayment (cont'd)*

	A	B	C	D	E
	Member Reviewed	Entitlement Paid Incorrectly	Amount of Overpayment	Amount of Underpayment	Cause or Reason of Incorrect Payment
4	ARNG_COVID_32	BAH		1,080.80	Manual entry error – incorrect dependency status entered in pay system.
5	ARNG_COVID_3	FSA	8.33		Manual entry error - incorrect start date entered in pay system to initiate FSA.
6	ARNG_COVID_5	FSA		100.00	Member not paid for the days served under the first set of orders when activated on back-to-back orders.
7	ARNG_COVID_6	FSA		50.00	Member not paid for the days served under the first set of orders when activated on back-to-back orders.
8	ARNG_COVID_10	FSA	325.00*		Member not paid for the days served under the first set of orders when activated on back-to-back orders.
9	ARNG_COVID_11	FSA		50.00	Member not paid for the days served under the first set of orders when activated on back-to-back orders.
10	ARNG_COVID_13	FSA		491.67	Member became eligible due to a marriage during activation; however, did not receive FSA.

Table 8. ARNG and ANG Members Incorrectly Paid BAH, FSA, or BAS and the Amount of Overpayment or Underpayment (cont'd)

	A	B	C	D	E
	Member Reviewed	Entitlement Paid Incorrectly	Amount of Overpayment	Amount of Underpayment	Cause or Reason of Incorrect Payment
11	ARNG_COVID_14	FSA		50.00	Member not paid for the days served under the first set of orders when activated on back-to-back orders.
12	ARNG_COVID_16	FSA		416.67	Member was eligible to receive FSA; however, the member's FSA eligibility was not confirmed.
13	ARNG_COVID_17	FSA		366.66	Member was not considered eligible to receive FSA due to ARNG officials not tracking if the activated member was separated from dependents for more than 30 consecutive days.
14	ARNG_COVID_20	BAS		62.12	Manual entry error – incorrect eligible BAS dates entered in pay system.
15	ANG_COVID_11	BAH		324.30	Manual entry error – incorrect BAH rate entered in pay system.
16	ANG_COVID_28	BAH	331.20		Manual entry error – incorrect dependency status entered in pay system.
17	ANG_COVID_40	BAH		\$829.60	Manual entry error – ANG officials did not manually update member's BAH rate causing an underpayment.
18	ANG_COVID_12	FSA		300.00	ANG official's incorrect interpretation of FSA eligibility – member's primary residence was not considered in the FSA eligibility determination.



*Table 8. ARNG and ANG Members Incorrectly Paid BAH, FSA, or BAS and the Amount of Overpayment or Underpayment (cont'd)*

	A	B	C	D	E
	Member Reviewed	Entitlement Paid Incorrectly	Amount of Overpayment	Amount of Underpayment	Cause or Reason of Incorrect Payment
19	ANG_COVID_29	FSA		250.00	Member was eligible to receive FSA; however, the member's FSA eligibility was not confirmed.
20	ANG_COVID_35	FSA	375.00		Member was not eligible to receive FSA due to not meeting the dependent separation requirement.
21	ANG_COVID_38	BAS		62.10	Manual entry error – incorrect eligible BAS dates entered in pay system.
	<b>Total</b>		<b>\$1,536.05</b>	<b>\$4,817.92</b>	

\* This member had both an overpayment of \$375.00 and an underpayment of \$50.00 of FSA in different periods, which resulted in the member being overpaid by \$325.00.

Source: The DoD OIG.

## Management Comments

### Office of the Under Secretary of Defense (Comptroller)/ Chief Financial Officer



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1 100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

February 3, 2022

MEMORANDUM FOR PROGRAM DIRECTOR FOR AUDIT READINESS AND  
PROGRAM SUPPORT, DOD OFFICE OF INSPECTOR  
GENERAL

SUBJECT: Audit of Entitlements for Activated Army National Guard and Air National Guard  
Members Supporting the Coronavirus Disease-2019 Mission  
(Project No. D2020-D000RG-0116.000)

My office reviewed the subject draft report. Attached are the responses to address the  
recommendations directed to the Under Secretary of Defense (Comptroller)/Chief Financial  
Officer, in coordination with the Under Secretary of Defense for Personnel and Readiness.

We appreciate the opportunity to review and comment on the DoD Office of Inspector  
General draft audit report. My staff point of contact is [REDACTED]. She may be  
reached at [REDACTED] or [REDACTED].

LAURANCE.K  
IM.R [REDACTED]

Kim R. Laurance  
Acting Deputy Chief Financial Officer

Attachment:  
As stated

## Office of the Under Secretary of Defense (Comptroller)/ Chief Financial Officer (cont'd)

OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) (OUSDC)  
RESPONSE TO THE DOD OFFICE OF INSPECTOR GENERAL DRAFT AUDIT REPORT,

“AUDIT OF ENTITLEMENTS FOR ACTIVATED ARMY NATIONAL GUARD AND AIR  
NATIONAL GUARD MEMBERS SUPPORTING THE CORONAVIRUS DISEASE-2019  
MISSION (PROJECT NO. D2020-D000RG-0116.000),” DATED JANUARY 4, 2022

RECOMMENDATION 1.a.: We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with the Under Secretary of Defense for Personnel and Readiness, update the DoD Financial Management Regulation, Volume 7A, “Military Pay Policy – Active Duty and Reserve Pay,” Chapter 27, “Family Separation Allowance” to:

- a. Clearly state that the permanent duty station of a Reserve Component member on temporary duty status is the member’s primary residence for the purpose of determining Family Separation Allowance entitlement.

OUSDC RESPONSE TO 1.a.: Concur. The DoD Financial Management Regulation (FMR) Volume 7A, Chapter 27 will be updated to state that the permanent duty station of a Reserve Component member on temporary duty status is the member’s primary residence for the purpose of determining the Family Separation Allowance (FSA) entitlement. A draft revision of Chapter 27 is in progress with an expected completion date of March 31, 2022.

RECOMMENDATION 1.b.: We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with the Under Secretary of Defense for Personnel and Readiness, update the DoD Financial Management Regulation, Volume 7A, “Military Pay Policy – Active Duty and Reserve Pay,” Chapter 27, “Family Separation Allowance” to:

- b. Clarify that Family Separation Allowance entitlement determination is based on the commuting distance between the member’s primary residence and their temporary duty location.

OUSDC RESPONSE TO 1.b.: Concur. The DoD FMR Volume 7A, Chapter 27 will be updated to clarify the FSA entitlement determination is based on the commuting distance between the member’s primary residence and their temporary duty location. A draft revision of Chapter 27 is in progress with an expected completion date of March 31, 2022.

Attachment

## National Guard Bureau



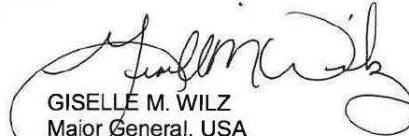
**NATIONAL GUARD BUREAU**  
1636 DEFENSE PENTAGON  
WASHINGTON DC 20301-1636

3 FEB 2022

**MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE,  
PROGRAM DIRECTOR FOR AUDIT READINESS AND GLOBAL OPERATIONS,**  
[REDACTED]

**Subject:** Reply to Audit Draft Report, Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission (Project No. D2020-D000RG-0116), dated January 4, 2022

1. Thank you for the opportunity to review and provide responses to the subject draft audit report. The National Guard Bureau (NGB) continually strives to improve our processes. To that end, we appreciate DoD-IG's findings and recommendations that will strengthen and improve our controls over the payment of entitlements to our soldiers and airmen.
2. We have coordinated these actions with the appropriate functional owners within the ARNG and ANG offices. In principal, the NGB concurs with the two recommendations addressed to the NGB. Although, the ANG has provided alternative actions to recommendations 2a, 2b and 3, that we feel meet the intent of the recommendation. Please see the attachment(s) for NGB's detailed responses and actions that will implement DoD-IG's recommendations.
3. My overall POC for this action is [REDACTED] Director, National Guard Bureau Internal Review; [REDACTED]

  
GISELLE M. WILZ  
Major General, USA  
Director of Staff, National Guard Bureau

**Attachments:**  
Army National Guard G1 Response  
Army National Guard G8 Response  
Air National Guard Response

Controlled by: National Guard Bureau  
Controlled by: National Guard Bureau Internal Review  
CUI Category: COMPT  
Limited Dissemination Control: FFDCON  
[REDACTED]

## Army National Guard



**NATIONAL GUARD BUREAU**  
111 SOUTH GEORGE MASON DRIVE  
ARLINGTON VA 22204-1373

ARNG-HRH

25 January 2022

MEMORANDUM FOR Deputy Auditor General, Forces and Infrastructure Audits, 6000 6<sup>th</sup> Street, Building 1464, Fort Belvoir, VA 22060-5609

SUBJECT: ARNG Reply to Draft Report DODIG Project No. D2020-D000RG-0116.000

1. Thank you for the opportunity to review the subject draft audit report. The Army National Guard concurs with recommendations 2a-e.

**a. Recommendation 2a:** We recommend that the Chief of the National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement policies and procedures to: Require the Army National Guard and Air National Guard to complete a review of proof of residency documentation when the member's primary residency is established or changed for the Basic Allowance for Housing entitlement to ensure consistency throughout all Army National Guard and Air National Guard units and organizations within every state, territory, and the District. The policies and procedures should also include requirements that:

- document a member's primary residence address;
- require members to provide proof of their primary residence address;
- certify the primary address of members and review supporting documentation;
- provide oversight to ensure primary residence address information is complete and accurate.

**b. Response: (Concur)** -- The ARNG G1 will publish a policy, consistent with both Army policy and NGB guidance, that HR professionals and commanders at the lowest level will require some form of documentary evidence for residence. This will include (but is not limited to) leases, mortgages, driver's license, utility bills, or other mailed items to that address. These documents (only one will be required) will be uploaded with a new 5960 for every address change or no less than biannually for certification. This initiative should be completed by 1 OCT 22.

**c. Recommendation 2b:** Outline the process and frequency of recertification for Basic Allowance for Housing entitlement that Army National Guard and Air National Guard officials will use to verify and fully document the dependency status of members to provide clarification to the DoD Financial Management Regulation, volume 7A, chapter 26. These procedures should include:

- how recertifications will be completed;



## Army National Guard (cont'd)

ARNG-HRH

SUBJECT: ARNG Reply to Draft Report DODIG Project No. D2020-D000RG-0116.000

- which members will complete a recertification; and
- how Army National Guard and Air National Guard officials will provide oversight to ensure that information is complete and accurate.

**d. Response: (Concur)** -- The ARNG G1 will layout biannual requirements, consistent with both Army policy and NGB guidance, for statewide SRCs similar to the REMOBs of the past. These events will simulate records preparation as if the unit / SM were deploying. During this time 5960's will be completed and uploaded with supporting documentation. This initiative should be completed by 1 OCT 22.

**e. Recommendation 2c:** Require Army National Guard and Air National Guard officials to review and document the status of a military member married to another military member regardless of which Military Service, Reserve or Active Component, or Army National Guard or Air National Guard unit the member's spouse belongs to, and identify which member will claim any applicable dependents.

**f. Response: (Concur)** -- The ARNG G1 will publish a policy, consistent with both Army policy and NGB guidance, that HR professionals and commanders at the lowest level request annual reviews of Member to Member entitlements. The policy will also require Finance Offices to run a semi-annual report for those SMs coded as Member to Member and review those entitlements. The report will be filed in the records holding area for future audit. This initiative should be completed by 1 OCT 22.

**g. Recommendation 2d:** Specify the methods for confirming eligibility and paying Family Separation Allowance for Army National Guard and Air National Guard members, in accordance with the DoD Financial Management Regulation, volume 7A, chapter 27, and include the:

- timeliness of payments,
- determination of Family Separation Allowance eligibility for back-to-back orders,
- members assigned to their normal duty locations, and
- requirement to track members to know when they return to their primary residence.

**h. Response: (Concur)** -- The ARNG G1 will publish a policy, consistent with both Army policy and NGB guidance, that HR professionals and commanders at the lowest level conduct monthly reviews of entitlements for SMs receiving FSA. The Policy will address back to back orders and the stipulations for receiving FSA if a Soldier is restricted from returning home even if it is within normal commuting distance. The policy will enforce the importance of tracking SM movement while receiving FSA. This initiative should be completed by 1 OCT 22.

## Army National Guard (cont'd)

ARNG-HRH  
SUBJECT: ARNG Reply to Draft Report DODIG Project No. D2020-D000RG-0116.000

**g. Recommendation 2e:** Establish formal dissemination and communication procedures for National Guard Bureau policies related to entitlements provided to the Army National Guard and Air National Guard, including the policies in the preceding recommendations. The procedures should require:

- creation of a central location where policies and procedures will be kept for easy access by all states, territories, and the District; and
- confirmation of receipt from all of the states, territories, and the District when procedures are communicated or obtained.

**h. Response: (Concur)** -- The ARNG G1 centralize and publicize the one stop digital location for all policies related to Human Resources (including personnel Pay). This initiative should be completed by 1 OCT 22.

2. The Army National Guard point of contact for this review is the undersigned, at

[REDACTED]

MORALES.GILBERT.S  
ANCHEZ.JR [REDACTED]

[REDACTED]

GILBERT S. MORALES  
Chief, GS-15  
ARNG-HRH, Personnel Policy Division



## Army National Guard (cont'd)



**NATIONAL GUARD BUREAU**  
111 SOUTH GEORGE MASON DRIVE  
ARLINGTON VA 22204-1373

ARNG-RMC

27 January 2022

MEMORANDUM FOR Deputy Auditor General, Forces and Infrastructure Audits, 6000  
6<sup>th</sup> Street, Building 1464, Fort Belvoir, VA 22060-5609

SUBJECT: Reply to Draft Report DODIG Project No. D2020-D000RG-0116.000

1. Thank you for the opportunity to review the subject draft audit report. The Army National Guard concurs with recommendation 3.
  - a. **Recommendation 3:** We recommend that the Chief of the National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement additional internal control procedures for the review of transactions manually submitted by the Army National Guard and Air National Guard to the payment system prior to payment to ensure the completeness and accuracy of transactions.
  - b. **Response:** The ARNG Comptroller Division will publish guidance to the USPFOs that will advise the Field Auditor, who is located, within the USPFO for each state to increase audits of long tour orders (TIN A24). The field sites use the WEB Defense Milpay Office (DMO) which has a requirement to audit 10% of transactions input. That 10% audit requirement does not limit the Field Auditor from reviewing additional transactions. The Field Auditor can print the audit report and save it to a shared drive at the USPFO. The Staff Accountant at a minimum, bi-annually, reviews the audit reports to ensure accuracy of long tour orders. The Financial Audit Compliance Testing (FACT) team will ensure that the Staff Accountant is performing the review. The FACT team will audit the USPFOs every two years based upon guidance provided by the ARNG Comptroller Division. This action should be completed by 31 May 2022.
2. Point of contact is [REDACTED], Chief, ARNG Financial Services Center, [REDACTED].

GORDON I. BARKSDALE  
COL, FC  
Chief, Comptroller Division

## Air National Guard



**NATIONAL GUARD BUREAU**  
111 SOUTH GEORGE MASON DRIVE  
ARLINGTON VA 22204-1373

NGB-FMF

1 February 2022

MEMORANDUM FOR NGB-IR  
DOD-IG

SUBJECT: Reply to Draft Report Audit Report Project No. D2020-D000RG-0116.00 –  
Audit of Entitlements for Activated Army National Guard and Air National Guard  
Members Supporting the Cononavirus Disease-2019 Mission

1. Thank you for the opportunity to review the subject draft audit report and for the opportunity to discuss the audit findings.
2. The following summarizes characterization of the NGB/FMF response. A separate document provides detailed concerns regarding each recommendation.

Recommendation 1; FSA and Residency – concur  
Recommendation 2(a,b); Residency Review/BAH – non-concur  
Recommendation 2(c); Married to Married audit – concur with comments  
Recommendation 2(d); FSA process – concur with comments  
Recommendation 2(e); Communication – non-concur  
Recommendation 3; Audit of MilPay – concur with comments

3. Areas of non-concurrence stem from lack of understanding of existing business practices - responses seek to find alternative solutions and recommendations more likely to achieve internal control objectives.
4. The Air National Guard points of contact for this review are [REDACTED],  
FMFF DFAS Systems Analyst/Liaison, GS-13, [REDACTED],  
[REDACTED], Division Chief – Financial Management Operations,  
[REDACTED].

CLOUTIER.CHRISTOPHE [REDACTED]  
R.ALLEN [REDACTED]  
CHRISTOPHER A. CLOUTIER, Col, USAF  
Division Chief, Financial Management Operations

ENCL(s)  
DODIG recommendations-ANG response

## Air National Guard (cont'd)

**Reply to Draft Report Audit Report Project No. D2020-D000RG-0116.00 – Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Cononavirus Disease-2019 Mission.**

POC(s): [REDACTED], NGB/FMFF, [REDACTED]  
[REDACTED], NGB/FMF, [REDACTED].

**Recommendation 1:**

We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with the Under Secretary of Defense for Personnel and Readiness, update the DoD Financial Management Regulation, volume 7A, "Military Pay Policy – Active Duty and Reserve Pay," chapter 27, "Family Separation Allowance" to:

- a. Clearly state that the permanent duty station of a Reserve Component member on temporary duty status is the member's primary residence for the purpose of determining Family Separation Allowance entitlement.
- b. Clarify that Family Separation Allowance entitlement determination is based on the commuting distance between the member's primary residence and their temporary duty location.

**ANG Response:**

**Concur.** It would be beneficial if the DoD FMR clarified these points.

**Comments.** In cases where members reside outside of the local area, there is no stipulation that they may not voluntarily return to the HOR on non-duty days yet remain eligible for FSA as long as they meet the 30 day separation requirement and submit the required documentation.

In the case of those supporting COVID within the local area, there was a requirement that members lodge outside of the HOR and remain away due to possible exposure. In these cases, members remained away from the HOR (regardless of HOR location) for 30 consecutive nights making them eligible for FSA-T. As long as the members meet the 30 day segregation requirement and submit the required documentation they are FSA-T eligible.

Commuting distances are defined in JTR:

*0206; TRAVEL IN AND AROUND THE PDS. The DoD installation, base, or senior commanders must establish, in a written directive, the local area within which DoD travelers are eligible for reimbursement, even if they come from different commands, units, installations, or Agencies (59 Comp. Gen. 397 (1980))...The "local area" is defined as the area within the PDS limits and the metropolitan area around the PDS served by the local public transit systems; the*



## Air National Guard (cont'd)

*local commuting area as determined by the AO or local Service or DoD Agency; and the separate cities, towns, or installations among which the public commutes on a daily basis. An arbitrary distance radius must not be defined for the local commuting area."*

*Furthermore, DoDFMR Vol.7a, 2703, refers to the 50 miles as what is "normally considered to be within a reasonable commuting distance...the 50-mile rule is not inflexible."*

### **Recommendation 2 (a through b)**

We recommend that the Chief of the National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement policies and procedures to:

a. Require the Army National Guard and Air National Guard to complete a review of proof of residency documentation when the member's primary residency is **established or changed** for the Basic Allowance for Housing entitlement to ensure consistency throughout all Army National Guard and Air National Guard units and organizations within every state, territory, and the District. The policies and procedures should also include requirements that:

- document a member's primary residence address;
- require members to provide proof of their primary residence address;
- certify the primary address of members and review supporting documentation; and
- provide oversight to ensure primary residence address information is complete and accurate.

b. Outline the process and frequency of recertification for Basic Allowance for Housing entitlement that Army National Guard and Air National Guard officials will use to verify and fully document the dependency status of members to provide clarification to the DoD Financial Management Regulation, volume 7A, chapter 26. These procedures should include:

- how recertifications will be completed;
- which members will complete a recertification; and
- how Army National Guard and Air National Guard officials will provide oversight to ensure that information is complete and accurate.

### **ANG Response:**

**Non-Concur.** Recommendation must be addressed to the Secretary of the Air Force Financial Management level, as compliance with audit recommendations requires modification of the Air Force Manuals that directs and defines use of the Air Force Form 594 as the primary supporting document for dependency determination and BAH. Neither Air Force Manuals nor Form 594 presently require proof of residency

## Air National Guard (cont'd)

certification. Additionally, Air Force Manual 65-116 Volume 1 and 3 specify methodology and frequency for re-certification and would require modification to support DoD-IG recommendations.

Most significantly, this direction conflicts with both AFMAN 65-116v1 and v3 as they prescribe self-service procedures via myPay that do not require Military Pay technician intervention, negating recommended controls.

MyPay (DFAS) and myPers are the primary input sources for address changes - part of a cultural shift to a self-service focus in culture, business and work.

*AFMAN 65-116v1*

### **7.14. myPay.**

*7.14.1. General. In January 2001, the DJMS implemented myPay, allowing members to update certain pay information by accessing the pay system via the internet. Screen menus guide members through desired transactions once the system has been accessed. After changes have been made, the system asks the member to confirm the action and advises the member when the change are to be reflected on the pay record. Using a Personal Identification Number or Common Access Card, members are able to:*

*7.14.1.1. View, print, and save their LESSs.*

*7.14.1.2. View, print and save tax statements,*

*7.14.1.3. Change Federal and State tax withholdings,*

*7.14.1.4. Update bank account and electronic fund transfer information,*

***7.14.1.5. Make address changes...***

*AFMAN 65-116v3*

### **3.23 myPay.**

*3.23.1. myPay, a web-based application which allows members to update certain pay information. Members access myPay using a user-id and password or Common Access Card and Personal Identification Number. myPay allows member to:*

*3.23.2. View, print, and save LES – 12 months*

*3.23.3. View, print and save tax statements – Military Pay W-2 and W-2C*

*3.23.4. Change Federal and State tax withholdings*

*3.23.5. Update bank account and electronic fund transfer information*

***3.23.6. Make address changes...***

Just as DTS is a self-generated travel order processing system, future business practice rests in self-service, as such, **it is critical to focus attention on education regarding**

## Air National Guard (cont'd)

the ramifications of misstatements of fact, especially where pay and benefits are affected. The DD 1351-2, Travel Voucher or Sub-voucher states the following:

*“PENALTY STATEMENT: There are severe criminal and civil penalties for knowingly submitting a false, fictitious, or fraudulent claim (U.S. Code, Title 18, Sections 287 and 1001 and Title 31, Section 3729).”*

Recommend this penalty statement be added by DoD to any self-service transaction with pay-affecting ramifications in myPay/myPers.

Oversight is already provided by Quality Assurance Managers assigned to all 90 ANG Comptroller Flights, in addition to Certifier review prior to payroll submittal, daily transaction reviews by Military Pay Technicians, and review of processed transactions. Per AFI 65-202, wing QA Managers conduct randomly select and review pay affecting documents quarterly which could include BAH related transactions.

### **Recommendation 2(c)**

c. Require Army National Guard and Air National Guard officials to review and document the status of a military member married to another military member regardless of which Military Service, Reserve or Active Component, or Army National Guard or Air National Guard unit the member's spouse belongs to, and identify which member will claim any applicable dependents.

### **ANG Response:**

**Concur with comments.** BAH recertification process is defined by the DoDFMR and AFMAN 65-116 Volume 1 (for AC) and Volume 3 (for RC). Contrary to findings in the audit, ANG MilPay technicians do have the ability in DJMS to review any member for which a social security number is available, regardless of service/branch. This is evidence of either lack of training for MilPay technicians, or, a lack of transparency during the audit. That said, we concur as there remains no automatic/systematic identifier of married-to-married status, and therefore, only manual internal controls exist.

Unless an internal control is being established in the upcoming AFIPPS pay and personnel system, we recommend DoD mandate a system-developed internal control flagging married to married in MilPDS (and corresponding systems). Certainly, a solution to this issue is of DoD-wide importance as it affects RC and AC equally.

Until a systematic solution is developed, additional training and education must continually be provided due to complexity and turnover amongst technicians. Additionally, education is key pending implementation of AFIPPS, and the migration of the Military Pay function from FM to A1 (Force Support Flights) but overall, the solution is outside the scope of the ANG/FM.



## Air National Guard (cont'd)

### **Recommendation 2(d)**

d. Specify the methods for confirming eligibility and paying Family Separation Allowance for Army National Guard and Air National Guard members, in accordance with the DoD Financial Management Regulation, volume 7A, chapter 27, and include the:

- timeliness of payments,
- determination of Family Separation Allowance eligibility for back-to-back orders,
- members assigned to their normal duty locations, and
- requirement to track members to know when they return to their primary residence.

### **ANG Response:**

**Concur with comments.** ANG concurs there is always room for improvement in timeliness of payments.

However, DoD response to COVID-19 in the early days was incremental. As a result, short tours abutted other short tours, creating delays in establishing FSA eligibility. While FM offices can improve processes, responsibility for timeliness falls on response planners as well.

Furthermore, it is not within the scope of Financial Management to verify accountability for every member who is TDY for the purposes of validating Family Separation Allowance. This is the responsibility of the commanders who are responsible for accountability and for approving service members entitlements. AFMAN 65-116v1, 27.6.1. identifies Temporary Duty orders, which are approved by commanders/supervisors, to substantiate FSA payment.

Regarding back to back (B2B) orders, ANG/FM worked with the AROWS (orders) system development team since to develop a report that identifies scenarios where entitlements may have been missed. This AROWS report can also be utilized to validate/verify members with B2B orders were given the option to request FSA.

One is asking AROWS systems developers to add an administrative note to the B2B report reminding MilPay technicians to verify FSA.

Additionally, NGB will provide training to MilPay technicians on:

*AFMAN 65-116v3, 51.3.3. Family Separation Allowance Report. Review the pay record to determine if the member has dependents or is married to another member and MAY be eligible for Family Separation Allowance. Once that determination is made, check to see if a DD Form 1561 is already on file and, if not, contact the members advising them to come to finance and complete a DD Form 1561.*



## Air National Guard (cont'd)

### **Recommendation 2(e)**

e. Establish formal dissemination and communication procedures for National Guard Bureau policies related to entitlements provided to the Army National Guard and Air National Guard, including the policies in the preceding recommendations. The procedures should require:

- creation of a central location where policies and procedures will be kept for easy access by all states, territories, and the District; and
- confirmation of receipt from all of the states, territories, and the District when procedures are communicated or obtained.

### **ANG Response:**

**Non-concur.** ANG has consistently and clearly communicated where direction is required. We do not develop duplicative communications regarding existing/static direction in DoDFMR, AFMAN, AFI or ANGI. We provide guidance that clarifies and augments static guidance.

NGB/FM (ANG) maintains a SharePoint as a central repository of training and any clarifying documents, memos and information. Additionally, recordings of all monthly TEAMS field calls for each Division of the FM Directorate are saved for members to refer to. The question isn't whether NGB/FM is communicating, the question is whether, amidst the myriad of responsibilities an 11-12 person ANG Comptroller Flight is balancing, how communication/direction is being prioritized.

### **Recommendation 3**

We recommend that the Chief of the National Guard Bureau, in coordination with the Director of the Army National Guard and the Director of the Air National Guard, develop and implement additional internal control procedures for the review of transactions manually submitted by the Army National Guard and Air National Guard to the payment system prior to payment to ensure the completeness and accuracy of transactions.

### **ANG Response:**

**Concur with comments.** AFI 65-201 establishes the SAF/FM Quality Assurance Program, which is further defined by ANG-specific QA requirements, timeframes and thresholds for review, re-review and identification of discrepancies. Furthermore, the Manager's Internal Control Toolkit (MICT), Managers Inspection Program, self-inspection and MAJCOM-level IG inspection programs are designed to provide additional layers of assurance.

Additionally, it should be noted that with AROWS interface directly to DMO/DJMS, there are significantly less manual transactions. Manual transactions are reviewed/certified

## Air National Guard (cont'd)

by (generally) the Superintendent in the Comptroller Flight prior to submittal, and should be reviewed the next day as part of a review by the Military Pay Technician.

All that said, continued evidence of challenge suggest analysis and discussion is required at NGB, between the QA subject matter experts and the FMF subject matter experts to consider/implement a modification to internal controls, based on competing risks, in efforts to reduce/minimize errors.

## Acronyms and Abbreviations

---

<b>AF Form 594</b>	Air Force Form 594
<b>ANG</b>	Air National Guard
<b>ARNG</b>	Army National Guard
<b>BAH</b>	Basic Allowance for Housing
<b>BAS</b>	Basic Allowance for Subsistence
<b>COVID-19</b>	Coronavirus disease–2019
<b>DA Form 5960</b>	Department of the Army Form 5960
<b>DJMS-RC</b>	Defense Joint Military Pay System-Reserve Component
<b>FMR</b>	Financial Management Regulation
<b>FSA</b>	Family Separation Allowance
<b>NGB</b>	National Guard Bureau
<b>USD(P&amp;R)</b>	Under Secretary of Defense for Personnel and Readiness
<b>U.S.C.</b>	United States Code



# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

*Whistleblower Protection safeguards DoD employees against retaliation for protected disclosures that expose possible fraud, waste, and abuse in Government programs. For more information, please visit the Whistleblower webpage at <http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/> or contact the Whistleblower Protection Coordinator at [Whistleblowerprotectioncoordinator@dodig.mil](mailto:Whistleblowerprotectioncoordinator@dodig.mil)*

### **For more information about DoD OIG reports or activities, please contact us:**

#### **Congressional Liaison**

703.604.8324

#### **Media Contact**

[public.affairs@dodig.mil](mailto:public.affairs@dodig.mil); 703.604.8324

#### **DoD OIG Mailing Lists**

[www.dodig.mil/Mailing-Lists/](http://www.dodig.mil/Mailing-Lists/)

#### **Twitter**

[www.twitter.com/DoD\\_IG](http://www.twitter.com/DoD_IG)

#### **DoD Hotline**

[www.dodig.mil/hotline](http://www.dodig.mil/hotline)



DEPARTMENT OF DEFENSE | OFFICE OF INSPECTOR GENERAL

4800 Mark Center Drive  
Alexandria, Virginia 22350-1500  
[www.dodig.mil](http://www.dodig.mil)  
DoD Hotline 1.800.424.9098

