

# GAO Highlights

Highlights of [GAO-18-283](#), a report to congressional committees

## Why GAO Did This Study

ARNG provides trained and equipped units ready to defend life and property in the 54 states, territories, and the District of Columbia. In 2011, the Army Audit Agency reported weaknesses in internal controls over soldier incentive payments in the California ARNG that led to some improper payments. DOD initially took actions to recoup some of these payments, but the National Defense Authorization Act for Fiscal Year 2017 allowed for the waiver or other forgiveness of debt.

The National Defense Authorization Act for Fiscal Year 2017 included a provision for GAO to assess policies and procedures for minimizing and waiving the recoupment of improper payments. This report (1) evaluates the extent to which ARNG has implemented and planned to adjust the internal controls for its Selected Reserve Incentive Program to prevent improper payments and (2) describes which DOD organizations have the authority to waive ARNG incentive debts and steps taken to improve waiver documentation. GAO conducted site visits to six states based on the value of their incentive programs, reviewed documentation used to manage incentive programs, examined incentive debt waiver cases, and interviewed DOD officials.

## What GAO Recommends

GAO recommends that ARNG develop and implement a plan that identifies, analyzes, and responds to significant changes that could affect internal controls for its Selected Reserve Incentive Program. ARNG concurred with the recommendation and has identified planned actions to address the recommendation.

View [GAO-18-283](#). For more information, contact Joseph Kirschbaum at (202) 512-9971 or [kirschbaumj@gao.gov](mailto:kirschbaumj@gao.gov).

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## MILITARY RECRUITING

### Army National Guard Has Implemented Internal Controls for Soldier Incentives but Needs to Better Plan to Maintain the Integrity of Those Controls

## What GAO Found

In response to the over \$22 million in improper payments the California Army National Guard (ARNG) made in cash bonuses and other soldier incentives from 2004 through 2010, ARNG officials implemented some internal controls to prevent future improper incentive payments. These internal controls include automated and manual checks of soldier incentive contracts to verify soldiers' eligibility for incentive payments. For example, ARNG implemented automated rules in its Guard Incentive Management System—an online system that tracks incentive contracts—to monitor a soldier's eligibility for an incentive by comparing the data received from multiple personnel systems against the soldier's contract. If any issues are found, the Guard Incentive Management System will flag the incentive case for review by state ARNG officials and will stop future payments until the issue is resolved.

While these internal controls have improved accountability over soldier incentive payments, ARNG is still in the process of completing further actions. For example, in April 2017, ARNG issued the fiscal year 2017 Selected Reserve Incentive Program policy. However, ARNG did not incorporate changes as a result of this policy into the Guard Incentive Management System to ensure that the automated checks captured these policy changes—including one that affects approximately 8,000 soldier incentive contracts, according to ARNG officials. ARNG officials told us that they had not updated the Guard Incentive Management System with this policy because of technical challenges resulting from a transition in vendors for the Reserve Component Manpower System—an information system that houses the Guard Incentive Management System. ARNG officials also told us that they plan to update the Guard Incentive Management System to include the 2017 policy in February 2018.

GAO also found that ARNG had not developed and implemented a plan for future significant changes that could affect its internal controls over soldier incentive payments. These changes include, for example, the end of the current vendor contract in 2020 to support the Reserve Component Manpower System and the Army National Guard's migration to the Integrated Personnel and Pay System – Army that is scheduled to occur in 2018. *Standards for Internal Control in the Federal Government* states that management should identify, analyze, and respond to significant changes that could affect an internal control system. Specifically, because conditions affecting an organization and its environment continually change, management needs to anticipate and plan for significant changes by using a forward-looking process to prepare for those changes. Without taking action to plan for such changes, ARNG puts itself at risk of making improper payments in the future.

The Defense Finance and Accounting Service and the Defense Office of Hearings and Appeals review and adjudicate requests for waivers of incentive debt. DOD has taken two steps to improve the availability of documentation needed to adjudicate waiver cases. First, DOD has clarified the policy in its Financial Management Regulation on the documentation soldiers are required to provide. Second, officials review documentation in the Guard Incentive Management System before validating an incentive payment, which may reduce delays associated with missing documentation when processing waiver requests.