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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

DEFENSE DIVISION

B-125037



Dear Mr. Secretary:

The General Accounting Office reviewed the Army National Guard drill pay system for inactive duty training, to determine whether the system was operating effectively, efficiently, and economically.

We visited selected Army area headquarters, offices of three State adjutants general, and four Army finance and accounting offices; observed the procedures followed by selected Guard units in taking attendance at training assemblies; and audited, on a sample basis, payrolls for October 1970. Our review was completed in November 1971.

In general we found that the drill pay system was effective and that guardsmen were paid accurately. We believe, however, that the efficiency and economy of the system could be improved and that the Army could save an estimated \$105,000 annually by centralizing and fully mechanizing drill pay processing.

National Guard drill-training payrolls currently are paid by 14 separate finance and accounting offices in the continental United States, one in Alaska, and one in Hawaii. In reply to our query, these 14 finance and accounting offices estimated that annual costs related to processing payrolls and paying guardsmen were about \$846,000. Of these 14 offices, six use a mechanized payroll system and eight use a manual system.

Currently about one third of all National Guard men in the continental United States are paid for drills by the finance and accounting office at Indiantown Gap Military Reservation, Pennsylvania, under a mechanized payroll system. Indiantown Gap's costs, including those for automatic data processing and for related personnel, are estimated to be \$258,000 annually. Indiantown Gap officials estimated that additional operating costs of \$483,000 annually would be incurred if it were to process all drill-training

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payrolls for guardsmen in the continental United States. Thus the total estimated annual cost of processing such payrolls at Indian-town Gap would be \$741,000, or \$105,000 less than the cost of processing them at 14 separate locations.

Indiantown Gap officials stated that it would be feasible to process all Guard drill-training payrolls at that location. They noted that some renovation of existing facilities would be required to handle the Guard drill-training payrolls, but they did not furnish us with, and we did not include in our computation, an estimate of the cost of such renovation.

In our report to the Secretary of Defense entitled "Potential for Improvement in the Army Reserve Drill Pay System" (B-125037, Aug. 30, 1971), we recommended that the Secretary of the Army centralize the Army Reserve drill pay function at one location under a fully mechanized pay system. In response the Army informed us that it would conduct a feasibility study. The Army also noted that, inasmuch as the drill pay procedures for the Army National Guard were very similar to those of the Army Reserve, the study would also address the feasibility of centralizing the drill pay function for both Reserve components. The study is expected to be completed early in 1972.

In view of the action planned by the Army to include both Reserve components in its feasibility study, we are making no recommendation concerning the Guard drill pay system at this time. Our previous recommendation concerning centralization of the Army Reserve drill pay system should be considered, however, as being equally applicable to the Army National Guard.

Any statements you furnish to the specified committees under the provisions of section 236 of the Legislative Reorganization Act of 1970 with respect to that recommendation should also address the Army National Guard drill pay system.

Copies of this report are being sent today to the Chairmen, House and Senate Committees on Government Operations; the Chairmen, House and Senate Committees on Appropriations; the Chairmen, House

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and Senate Committees on Armed Services; the Secretary of Defense;
and the Director, Office of Management and Budget.

Sincerely yours,


for Director

The Honorable
The Secretary of the Army

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