

STATEMENT BY  
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Chairman Davis, distinguished Members of the Committee, my name is Ernie Gregory. I serve as the Acting Assistant Secretary of the Army for Financial Management and Comptroller. I am the person accountable for the military pay mission at Department of the Army Headquarters.

The execution of this mission is a shared responsibility between the active and reserve components of the military departments and the Defense Finance and Accounting Service (DFAS). DFAS owns, operates, manages and maintains the pay system, known as the Defense Joint Military Payroll System (DJMS). The U.S. Army's responsibility is to make timely and accurate inputs into DJMS for changes in status -- from reserve to active duty or vice versa -- and for modifications or adjustments to the individual soldier's entitlements resulting from changes in status and/or duty location. To the degree that either of the partners fails, soldiers' pay will be wrong.

From my vantage point, there are two key problems at the heart of military pay inaccuracies and mistakes. The Department of Defense (DoD) has been actively working to correct both. Changes to soldiers' status and/or entitlements originate with personnel transactions. Most, if not all, changes to a soldier's status and/or entitlements affect pay.

Problem No. 1 is: DOD does not have an integrated personnel and payroll process supported by an integrated system solution. This means that personnel transactions for individual soldiers have to pass through a separate process and system in order to have the required effect on pay. The process is manual, labor intensive, mistake-prone and does not produce immediate results. The DOD solution to this problem is the

Defense Integrated Military Human Resource System (DIMHRS). As its name suggests, this system will integrate, and make simultaneous, personnel and pay processes.

Problem No. 2 is: separate military payroll systems for our active and reserve components. These separate systems were developed and exist to serve the two components, active and reserve, in two different environments, which require distinct functionality. However, circumstances have changed. Today active and reserve soldiers serve together and their pay and personnel systems need the same functionality.

Currently, pay technicians are trained only on their component's system and are therefore adept at serving only their component's soldiers. The U.S. Army worked with DFAS to address this problem in the mid 1990s and produced a partial solution: a "front-end" application for DJMS called the Defense Military Payroll Office (DMO). DMO provides both active and reserve component pay technicians a uniform set of pay-data input screens so that the challenges of learning and interacting with two different systems are minimized. The split-system problem should be resolved completely when DIMHRS is implemented; it will include an integrated pay module that will eliminate the two separate pay systems.

I thank the General Accounting Office (GAO) for its audit. We have fixed the pay-mission execution errors the auditors found and we remain dedicated to preventing their recurrence. Accurate and timely pay to all of our soldiers and their families is of paramount importance. To address the GAO's findings and to conform to the Department of Defense "way ahead," we have established and provided to the subcommittee staff our joint corrective plan in advance of DIMHRS full operational capability.

In closing, Mr. Chairman, taking care of our soldiers is our ultimate mission. Developing a quality, integrated solution for a world-class military pay service has been challenging. Yet, the Department of Defense has

made significant strides in achieving the required results. We are not done, but we are well on the way. This concludes my formal remarks and I await your questions.