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February 13, 2004

The Honorable Ernest J. Gregory
Acting Assistant Secretary of the Army
Financial Management and Comptroller
109 Army Pentagon
Washington, D.C. 20310

Dear Secretary Gregory:

We write in follow-up to the Committee's hearing entitled: "*Avoiding 'Financial Friendly Fire: A Review of Efforts to Overcome Army National Guard Pay Problems,*" held on January 28, 2004. The Members of the Committee on Government Reform still have serious concerns regarding your testimony, in particular your comments on the status of the pay problems of the Army National Guard units audited during the GAO study, entitled: "*Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems.*"

First, the documents you submitted to the Committee for the record listed that the Department of the Army had addressed the problems of the individuals in the Guard units in question. This document stated that the Department completed and "resolved pay issues for units identified by the General Accounting Office." (*National Guard Mobilized Pay Review Background, U.S. Army Finance Command, 1/22/04, Page 5*). You also affirmed this statement in your oral testimony.

Certainly the testimony of witness Major Kenneth Chavez, Unit Commander, B Company, 5th Battalion, 19th Special Forces, Colorado National Guard indicated that the incorrect debts incurred by his unit were not fixed.

Gregory Kutz, Director, Financial Management and Assurance, General Accounting Office, also testified that the individual errors uncovered in their study had also not been all addressed. The Committee had tasked the General Accounting Office with following up on each of the individuals in the study. They reported that phone calls made in preparation for the hearing indicated that not all, and possibly a substantial

