

**STATEMENT BY**

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**BEFORE THE**

**U.S. HOUSE ARMED SERVICES COMMITTEE**

**SUBCOMMITTEE ON PERSONNEL**

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NOT FOR PUBLIC DISSEMINATION  
UNTIL RELEASED BY  
THE U.S. HOUSE ARMED SERVICES COMMITTEE

Chairman Heck, Ranking member Davis, distinguished Members of the Subcommittee, thank you for the opportunity to discuss the readiness of Army National Guard personnel matters.

On behalf of the Army National Guard, I would like to thank you for your support and commitment to our Soldiers, their families, to our veterans, wounded warriors, and to those who have made the ultimate sacrifice. Your Army National Guard is mobilized today with more than 11,000 Soldiers both abroad and here at home. Our Soldiers are our greatest asset.

The subcommittee's interest in Recruiting and Retention incentives programs is understandable. In 2010, the California National Guard discovered inaccuracies in the number of incentives contracts awarded and launched an investigation. The investigation revealed that the California Guard's incentives program had been grossly mismanaged and instances of fraud were discovered. As a result, California took measures to ensure those individuals engaged in the perpetration of fraud were punished. In 2011, the Army Audit Agency conducted an audit of more than 14,000 California National Guard cases that were potentially linked to the unethical management of the incentives program between 2004 and 2011. In 2011, the California National Guard, with assistance from the National Guard Bureau, established a "Soldier Incentive Assistance Center" to assist any California National Guard member affected by the mismanagement of the incentives program. Every California National Guard soldier impacted received a formal written letter to inform them of this option. This center will continue to provide assistance to each affected Soldier.

### **Background**

As a direct result of the issues with the California incentives program, the Army National Guard

took numerous steps to improve oversight within our incentives processes. In 2010, the Chief of the National Guard Bureau, General McKinley, ordered a review of all National Guard Recruiting and Retention incentives programs across all the states and territories which found no systemic fraud. In 2012, the Army National Guard began fielding the Guard Incentive Management System (GIMS) to provide a centralized oversight program for bonus and incentive payments. In 2015, the National Guard Bureau implemented a nationwide Fiscal Stewardship Comprehensive Plan comprised of three entities: The National Guard Executive Management Council, which is comprised of the Chief and Vice Chief of the National Guard Bureau, the Directors of the Army and Air National Guards, and state Adjutants General; the Senior Assessment Team, which includes senior personnel from the Joint staff, as well as Army and Air; and, State Management Councils in order to provide further oversight on the incentive program.

In 2016, an external review by the Army Audit Agency of GIMS validated its effectiveness and found the system substantially improved the controls throughout eligibility, monitoring, and payment phases of the incentive process. State Adjutants General have provided annual Statements of Assurance since 2012 documenting internal control processes to help prevent similar situations from occurring. Additionally, based upon reviews and assessments of the entire Army National Guard, fraud in the incentives program is not a nationwide problem. In November 2016, the U.S. Property and Fiscal Officers provided additional assurance, after reviewing their state incentive programs, that there are no issues outside what is normal.

## **Current efforts and Way Ahead**

Currently, Mr. Peter Levine, performing duties of the Under Secretary of Defense for Personnel and Readiness is chairing a cross-functional team with the National Guard Bureau, Army, OSD Office of General Counsel, and the Defense Finance and Accounting Service (DFAS). This team is leading the effort to expeditiously resolve the cases involving affected California National Guard members; I understand you will hear from Secretary Levine later this morning.

Secretary of Defense Carter's guidance is to adjudicate all cases by July 1, 2017. The National Guard continues to support the cross-functional team's process to ensure each Soldier's case is fairly and equitably reviewed, with due process afforded to every Soldier.

## **Conclusion**

In closing, I assure you that the National Guard has worked hard to implement appropriate, effective internal controls across the 50 states, three territories and the District of Columbia, and to prevent similar systemic fraud from occurring in the future.