

APPENDIX K**REPORTS OF EXISTENCE**

1. The requirement for reports of existence (ROE) frequently is questioned by retired members or management officials not familiar with the retired payroll system. The requirement is based on the fact that retired pay is payable only during the lifetime of the retired member and unless otherwise authorized by law or regulation. The check must be issued with the retired member as payee. As early as 1931, the General Accounting Office recognized that certain controls over the issuance and delivery of retired pay checks were necessary for protection of government funds.

2. Checks may be issued to a person or institution other than the retired member only under these conditions:

a. When the retiree has been declared mentally incompetent and a trustee, guardian, or fiduciary has been appointed to manage the financial affairs of the retiree.

b. Under Treasury Department regulations providing for the checks to be made payable to a financial institution, or for the issuance of composite checks and electronic fund transfer of payments where several members have designated the same financial institution for deposit of their retired pay checks.

Under subparagraph 2.a., above, a monthly ROE must be filed by the fiduciary. Under subparagraph 2.b., above, Treasury Department regulations place responsibility on the financial institution that funds deposited after the death of the member will be returned.

3. For checks mailed to retirees within the United States, the Comptroller General of the United States relies on the US Postal Service not to deliver checks after the death of the payee. The check envelope carries a notice to the Postmaster that if the addressee is deceased, the check must be returned to the sender. Also, "Retired pay payable only during the life of the payee," is printed on all retired pay checks under the object for which drawn. During the lifetime of the retired member, a further control against fraudulently endorsed and cashed checks is provided by the member's notifying the retired pay activity of non-receipt or a lost check. This control no longer applies after the death of the member. Without the precautions cited above, checks could continue to be cashed either fraudulently or in the mistaken belief of entitlement.

4. In addition to ROEs from fiduciaries, monthly reports are required from members whose checks are delivered through foreign postal systems. However, many members living in a foreign country receive these checks in person at United States military activities, embassies, or consulates, or report their existence to such activities monthly before deposit of their check into a foreign mail system.

5. This is a chronology of Comptroller General decisions showing the changes in control requirements:

a. **A-3531, Apr 6, 1931.** The Comptroller General established a policy to provide full protection to the government in payment of retired pay. In this letter, the Comptroller General required that this certification be signed by the proper administrative officer and attached to the retirement pay voucher, roll or schedule:

"I certify that each person to whom retirement pay is paid and not under guardianship or committee has reported over his bona-fide signature within the last 12 months his residence; that each person known to have given a power of attorney to endorse his checks for pay has reported on the last day or thereafter to which he is paid over his bona-fide signature: that reports as to the continued existence of each person paid who is under guardianship or in the custody of a committee, or whose estate is under control of a conservator has been received from the guardian, committee or conservator on or subsequent to the last day for which payment is made, and that each person residing in the foreign country or was traveling from his permanent residence as reported to this department has reported over his bona-fide signature on the last day or thereafter to which he is paid."

b. **A-3551, June 29, 1931.** The Comptroller General permitted Navy members living in China to send ROEs to the Navy Purchasing Office (NPO) in Shanghai, and checks were sent in bulk, to the NPO Shanghai for delivery to the members. However, the Comptroller General required that the ROEs should be forwarded to the Retired Pay Department each month by the NPO.

c. **A-3551, Dec 3, 1932.** The Comptroller General approved the application of the June 29, 1931 decision cited above to Fleet reservists and retired members living in the Philippine Islands to have their checks delivered via the Commandant of the 16th Naval District.

d. **A-3551, Dec 15, 1932.** The Comptroller General agreed that the procedure for bulk mailing of checks described in A-3551, June 29, 1931, could also be applied to Guam. This decision extended the concept that a third party could control ROEs. The checks were sent to the Governor of Guam rather than to a Navy activity.

e. **A-3551, Feb 10, 1933.** The Comptroller General agreed to extension of the procedure cited in the previous decisions to the Governor of American Samoa and to the Commandant of the 14th Naval District (Hawaii). However, permission to use the procedure using American consuls was denied. The decision stated in part:

"With respect to alleged hardships suffered by men residing in foreign countries generally, it would appear that the requirement of the initial certificate may have entailed a slight inconvenience due to its transmission to and receipt by the paying officer, and thereafter mailing of the check to the payee, but it would seem that if said requirement had been and is being properly complied with on the last day of each month, checks should be regularly received by the payee at monthly intervals. But irrespective of any inconvenience incident to the mailing of the certificate, the practice of mailing checks to third persons generally, including American consuls, for individuals residing abroad in their consular districts is unsound in that it increases possibility of loss and no substantial reason is apparent why the procedure should now be extended. These men receiving substantial bounty from the Treasury of the United States and reasonable regulations for

the purpose of guarding against losses to the government should not be further waived or relinquished for their individual benefit or convenience."

f. **A-3551, Aug 21, 1933.** The Comptroller General agreed to alteration of the paying officer's certificate of the monthly payroll. The revised certification follows with additions underlined and deletions bracketed:

"I certify that each person to whom retirement pay is paid and not under guardianship or committee has reported over his bona-fide signature within the last 12 months his residence; that each person known to have given power of attorney to endorse his checks for pay **or whose check is mailed to a bank** has reported on the last day or thereafter to which he is paid over bona-fide signature; that reports as to the continued existence of each person paid who is under guardianship, or in the custody of a committee or whose estate is under the control of a conservator (has) **have** been received from the guardian, committee, or conservator on or subsequent to the last day for which payment is made, and that each person residing **or traveling** in a foreign country (or who was traveling from his permanent residence as reported to this department) has reported over his bona-fide signature on the last day or thereafter to which he is paid."

g. **A-3551, Oct 24, 1946.** It was proposed that a procedure be authorized whereby a member's acknowledgment (ROE) of the receipt of a check would permit the release of the check for the next month (a 1-month-behind basis). The Comptroller General ruled:

"While it is fully appreciated that there may be cases where the delayed delivery of a retirement check may cause personal hardship, less effective measures than those above outlined would not, in the opinion of this office, fully protect the interests of the United States. Accordingly, permission for the adoption of the proposal. . . for mailing of retirement pay checks is withheld."

h. **A-3551, Mar 9, 1951.** The annual ROE for retired members having their checks mailed to a home address within the United States was eliminated. The Comptroller General approved a proposal to:

(1) Print "Retired Pay payable only during the life of the payee" under "object for which drawn" on the checks; and

(2) Print a notice on the envelopes being used that would direct postal employees not to forward the contents to addresses other than those shown and directing that delivery not be made where payee is deceased, but to return the letter to the issuing office. With further recognition that postal employees in the United States would respect such procedures, the Comptroller General eliminated the annual report requirement for accounts meeting the above requirements.

i. **A-3551, Feb 3, 1964.** The Comptroller General ruled that ROEs were not required if a payment is made payable to a member:

(1) Who is traveling outside the United States and the check is mailed to a bank or residence in the United States.

(2) Who lives in The Philippines and has checks mailed to a bank in the United States.

The Comptroller General also indicated ROEs would not be required if the check were made payable to a bank or financial institution:

"There is no objection to the issuance of retired pay checks payable to a bank for credit to the account of the retired officer of the Army who has made assignment thereof if the check carries an appropriate legend to the effect that the check is payable only during the life of the retired officer and that the check is not subject to deposit in a joint account in which the retired officer is named and the bank is appropriately notified that crediting the check to a joint account will be at its risk."

This same letter indicated that if allotments of retired pay are authorized by regulation, there is no objection to permitting an allotment of a member's retired pay in favor of a bank if the same check legend (payable only during the lifetime of the retired officer) and notice to the bank (not to be deposited to a joint account), mentioned above are observed.

(j.) **44 Comp Gen 208.** In response to a request that reports be obtained on a "1-month-behind" basis (previously proposed in 1946), the Comptroller General agreed that technological improvements in methods of payment, record keeping and communications made such procedure acceptable. The system should work:

"A report would be enclosed with each check with instructions to complete and return it. Thus, reports of existence would still be required on a monthly basis, but there would be an after-the-fact verification of the member's existence, which would eliminate the delay in release of checks, reduce handling costs, simplify procedures, and the maximum overpayment which could result would be 1 month's retired pay."

(k.) **53 Comp Gen 75.** The Comptroller General authorized that composite retired pay checks in favor of a financial institution could be made where a group of retired members had all designated the same financial institution as an address for their retired pay checks. This authorization was tentative and subject to the issuance of Treasury regulations which require the financial institution to return to the retired pay activity any deposits made to retired members after date of death.

(l.) **B-206129, June 28, 1982.** The Comptroller General agreed the furnishing of ROEs by military retirees and survivor annuitants whose checks are mailed to a foreign address and delivered through foreign postal channels may be changed to semiannual reporting from the current "1-month-behind" reporting requirement.