

National Security and
International Affairs DivisionDTIC
SELECTED

JAN 12 1994

F

B-259722

December 21, 1994

19950109 157

The Honorable William V. Roth, Jr.
United States Senate

Dear Senator Roth:

During our review of the Army's testing of its Family of Medium Tactical Vehicles (FMTV) we identified an issue that we believe requires immediate attention. The Army is planning to modify its FMTV contract to increase the number of vehicles authorized for Low Rate Initial Production (LRIP). The Army's justification for this modification is to prevent a break in production. We believe the contract should not be modified because the FMTV's testing has not demonstrated that it is operationally suitable. We further believe that the current contract authorizes a sufficient number of vehicles under LRIP to maintain production until scheduled testing can be completed.

The Congress has been concerned about the sometimes significant quantity of systems produced during LRIP before operational testing has demonstrated the systems are operationally suitable for fielding. We recently reported that many of the weapon systems that start production prematurely later experience significant operational effectiveness and/or suitability problems.¹ These problems are often found after a substantial number of units have been produced and a significant financial commitment has been made.

We believe that this situation could occur with the FMTV. The FMTV has had numerous problems in testing and has not proven to be reliable and suitable for Army needs. To date, these problems have not been adequately resolved to allow the completion of operational testing. Currently, a new operational test is scheduled to start in March 1995. The FMTV full-rate production decision is currently scheduled for August 1995 pending the completion of this retesting.

¹Weapons Acquisition: Low-Rate Initial Production Used to Buy Weapon Systems Prematurely (GAO/NSIAD-95-18, Nov. 21, 1994).

B-259722

Despite the system's failure to successfully complete operational testing, the FMTV program office recently received authorization to extend LRIP by 773 additional vehicles at a cost of \$73.7 million. The basis of this LRIP extension was that additional vehicles were necessary to prevent a break in production.

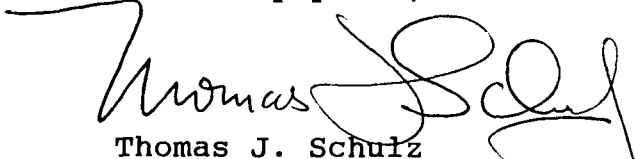
We believe that the Army can maintain a minimal production rate with the current LRIP authorization. The Army currently has the authority to have 3,085 vehicles produced under the LRIP phase of the contract. As of December 15, 1994, the contractor--Stewart and Stevenson--has produced 1,453 vehicles, leaving 1,632 vehicles to be produced before the additional 773 vehicles would be required. Also, we have been informed that about 880 of the vehicles already produced need additional work by the contractor before the Army can take delivery. This backlog and the low-rate production of the remaining 1,632 vehicles should be a sufficient quantity to allow Stewart and Stevenson to continue without a break in production until operational testing can be completed and a full-rate production decision, supported by the successful completion of this testing, can be made in August 1995.

Therefore, we recommend that the Assistant Secretary of the Army (Research, Development and Acquisition) direct FMTV program officials to cancel plans to modify the contract and delay the planned increase of the 773 vehicles in LRIP until the system successfully completes operational testing.

- - - - -

We are sending copies of this letter to Senator David Pryor and the Secretaries of Defense and the Army. We will also make copies available to others upon request. Please contact me or Robert J. Stolba at (202) 512-4841 if you or your staff have any questions regarding this letter.

Sincerely yours,



Thomas J. Schulz
Associate Director, Systems
Development and Production Issues

(707106)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (301) 258-4097 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

Accession For	
NTIS	<input checked="" type="checkbox"/>
CRA&I	<input checked="" type="checkbox"/>
DTIC	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification _____	
By _____	
Distribution / _____	
As _____	
Dist	Adv. and/or Special
A-1	

**United States
General Accounting Office
Washington, D.C. 20548-0001**

<p>Bulk Mail Postage & Fees Paid GAO Permit No. G100</p>

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
