



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
ROOM 7054, FEDERAL BUILDING
300 NORTH LOS ANGELES STREET
LOS ANGELES, CALIFORNIA 90012

092952

MAR 29 1971

General H. A. Miley, Jr.
Commanding General
U. S. Army Materiel Command
Washington, D. C. 20315



LM092952

Dear General Miley:

Enclosed is our report on the pricing of M125A1 boosters and M48A3 fuzes purchased from the Electronic Instrumentation Division, Lear Siegler, Inc., Anaheim, California, by the U. S. Army Ammunition Procurement and Supply Agency (APSA), Joliet, Illinois.

Lear Siegler and APSA were kept informed of our pricing questions during the course of our review. On March 30 and 31, 1971, we discussed our findings with officials of APSA and have considered their views in preparing this report.

During our review we also noted that the contractor experienced a cost underrun of about \$1,176,000 on contract DAAA09-69-C-0103. This contract was awarded by APSA on September 13, 1968, and was a follow-on to the booster contract discussed in this report. Although we did not review the pricing of contract -0103 we suggested to the Defense Contract Audit Agency, Los Angeles Region, by letter dated January 28, 1971, that they might wish to consider it in future pricing reviews of contracts awarded under Public Law 87-653. We understand that they are planning to look into the pricing of this contract in the near future.

We believe your evaluation of these matters will confirm the need for action. We would appreciate receiving your comments and being advised of any action you propose to take.

Sincerely yours,
H. L. Krieger

H. L. KRIEGER
Regional Manager

Enclosure

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