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REPORT ON REVIEW
OF
ARMY PROCUREMENT OF AVRE 6.5-INCH DEMOLITION GUNS
JANUARY 1955

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DIRECTORATE FOR FREEDOM OF INFORMATION
AND SECURITY REVIEW (DASD-PA)
DEPARTMENT OF DEFENSE

BY
THE COMPTROLLER GENERAL OF THE UNITED STATES

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OSD Case No. 6686

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**REPORT ON REVIEW
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REPORT ON REVIEW OF


ARMY PROCUREMENT OF AVRE 6.5-INCH DEMOLITION GUNS

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In connection with a review of procurement procedures at the Ordnance Procurement Center in London, England, the European Branch of the General Accounting Office examined the records relating to an Army contract dated May 29, 1953, for the purchase of 100 6.5-inch AVRE demolition guns from the British Ministry of Supply. Our examination, together with later discussions with Army representatives in Washington, D.C., disclosed serious deficiencies both in the coordination of the requirement and procurement aspects of the contract and in the coordination of the procurement of the gun and the procurement of the vehicular mount essential to the operation of the gun. Chronological summaries of the documents relating to the procurement of the gun and the establishment of the requirement for the vehicle on which the gun is to be mounted are included as appendixes A and B.

Under the contract, the Army, based on earlier negotiations, purchased the demolition guns, plus unfinished gun parts and related items, for \$1,334,000. By amendment dated June 30, 1953, the British agreed to store the entire lot in the United Kingdom until June 30, 1955.

Our examination indicated that a great deal of confusion existed beginning with the early negotiations in connection with the contract. Preliminary negotiations for the gun were conducted in Washington, D.C. On June 29, 1951, the Army wrote the British Joint Services Mission to confirm agreements reached during the



negotiations, and stated "The U.S. Army hereby confirms an order for 549 AVRE 6.5" guns." The British regarded the letter as an order and immediately began production. The Army in October 1951 assigned procurement responsibility to the Chief of Ordnance in the European Command, United States Army (EUCOM), who was instructed to arrange the purchase of only 434 guns. In the spring of 1952 the Army instructed EUCOM to cease negotiations. When the British were so informed they insisted that a contractual relationship existed, based on the letter of June 29, 1951. Negotiations were therefore opened on the question of contract termination, and late in 1952 the Army agreed to accept 100 completed guns and unfinished materials. This agreement was formalized in the contract signed on May 29, 1953.

During this entire period the need for a vehicle for mounting the gun and the most suitable type of chassis for this purpose was discussed within the Army without a definite decision being reached. The selection of a chassis was not approved by the Chief of Staff until February 23, 1954, and actual production of the vehicle selected was deferred until after the fiscal year 1955.

The deficiencies with respect to this contract disclosed in our audit were reported to the Secretary of the Army in a letter from the Acting Comptroller General dated August 23, 1954. The reply from the Assistant Secretary of the Army, Logistics and Research and Development, is included as appendix C.

In his reply, the Assistant Secretary stated that the changing decisions regarding the weapon in large part were the result

of (1) the changing situation during different phases of the Korean emergency and (2) the fact that the demolition weapon was a new concept. He stated further that the problems with respect to the demolition weapon are being resolved to the satisfaction of the ultimate users. Current plans for the fiscal year 1956 provide for the procurement of 182 demolition weapons (6.5-inch AVRE gun on the M-47 tank chassis); the last of the 100 guns already contracted for are presently scheduled for delivery during the second quarter of the fiscal year 1956, thus leaving a potential need for 82 guns.

Even though the problems regarding the demolition weapon are now apparently being satisfactorily resolved, we believe the confusion, delay, and lack of coordination surrounding the acquisition of the gun and the development of the related vehicular mount indicate the need for a critical review by the Department of the Army of the procurement and requirement procedures which allowed these deficiencies to occur.

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CHRONOLOGICAL SUMMARY OF THE PROCUREMENT OF THE
6.5-INCH AVRE GUN FROM THE BRITISH MINISTRY OF
SUPPLY, CONTRACT NO. DA-91-564-EUCOM-75

May 22, 1951 Letter from G-4 to British Joint Services Mission: G-4 stated that the Army "requirement for phased supply of guns is firm and we will need 549 6.5-inch AVRE guns in accordance with our previously announced schedule" and requested that four pilot guns be supplied as early as practicable.

June 29, 1951 Letter from General Christmas, G-4, to General Shoosmith, British Joint Services Mission: General Christmas confirmed verbal arrangements for procuring the gun and stated, "The U.S. Army hereby confirms an order for 549 AVRE 6.5" guns ***."

August 11, 1951 Memorandum from Ordnance to G-4: Procurement from Britain was planned because (1) a serious alloy shortage existed in the United States, (2) cost would be substantially lower because the British were tooled up and in production, and (3) a better delivery schedule could be obtained.

October 26, 1951 Memorandum from Chief of Ordnance, Washington, to Chief of Ordnance, EUCOM (received November 19, 1951): EUCOM was requested to arrange for the procurement of 434 guns from the U.K. to be delivered during the period of May 1952 to May 1953.

November 12, 1951 Letter from the British Ministry of Supply to the United States Army Attache, London (copy received by EUCOM): The British made a formal offer to sell the guns and spares and stated that production had begun.

February 6, 1952 Letter from British Ministry of Supply to Ordnance Procurement Center, London: Considerable progress in ordering parts and materials has been made. Arrangements are proceeding in accordance with Ministry's letter of November 12, 1951.

March 4, 1952

Conference attended by representatives of Army Field Forces, Ordnance, G-3 and G-4: It was concluded that Ordnance should endeavor to suspend procurement or at least determine the penalty cost of such suspension.

March 5, 1952

Cable from OCO to EUCOM: Further negotiations to be deferred until further notice.

April 12, 1952

Cable from Chief of Ordnance to CINCEUR: Request was made for the immediate procurement of 12,000 rounds of ammunition for the 6.5-inch gun.

May 15, 1952

Cable from Department of the Army to Ordnance Procurement Center, Sandhofen, Germany: The Army instructed the OPC to withhold action on the 6.5-inch gun pending a decision from G-4 which was expected within 2 weeks of this cable.

May 26, 1952

Letter from the British Ministry of Supply to the Ordnance Procurement Center, Sandhofen: The British stated that production of the guns was started on the basis of General Christmas' letter (June 29, 1951) and had reached an advanced stage. It was noted that Colonel Johnson of OPC had acknowledged the Ministry's formal sales offer, but that a contract had not been signed because of discussions concerning the general conditions of contract. Since these discussions were concluded the British requested finalization of the contract.

May 28, 1952

Memorandum from Ordnance Corps Fiscal Officer to Chief, Offshore Procurement Division: Notification that funds for ammunition and guns had been made available.

June 4, 1952

Letter from the British Ministry of Supply to the Ordnance Procurement Center, Sandhofen: The British offered to supply the 12,000 rounds of ammunition requested by Army Ordnance.

June 16, 1952

Letter from the Ordnance Procurement Center to the British Ministry of Supply: The British were informed that the requirement for the ammunition had been withdrawn.

June 21, 1952 Letter from the Ordnance Procurement Center to the British Ministry of Supply: The British were informed that the requirement for the 6.5-inch gun had been withdrawn.

June 24, 1952 Cable from the Ordnance Procurement Center to the Department of the Army: The Commanding Officer stated that the British insisted that a contractual relationship existed and that they would submit claims. He suggested that the problem be settled at a high departmental level.

June 27, 1952 Letter from General Christmas to General Stratton, British Army Staff, Washington. General Christmas stated:

"This is to inform you officially of the decision of the Chief of Staff of the United States Army that the basic equipment for which the subject gun was to be procured and the procurement of the gun itself are to be eliminated from the United States Army Production Program. *** discussions leading to the procurement thereof will be discontinued."

September 12, 1952 Memorandum from the Chief of Engineers to the Chief of Ordnance: The Chief of Engineers recommended purchase of 100 finished 6.5-inch guns rather than payment of cancellation costs. The Chief of Engineers stated also that there was a definite requirement for the vehicle.

September 30, 1952 Memorandum from G-4 to Chief of Ordnance: Procurement of not to exceed 100 guns was directed.

October 31, 1952 Message from General Allen, G-4, to Chief of Ordnance: General Allen reported that the British had completed 175 gun tubes and about 30 percent of all other components. The British agreed to accept 75 tubes and related components if the United States would accept 100 complete guns and the balance of uncompleted parts, spares, and related items which were put into production.

November 1, 1952. Message from General Allen, G-4, to Chief of Ordnance: General Allen stated that costs to scrap the project would be 578,000 pounds. General Allen stated also that the British were urged in June 1951 to accelerate production of this gun.

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November 17, 1952

Disposition Form from G-4 to the Chief of Ordnance: In addition to the procurement of 100 guns authorized in September, the Chief of Ordnance was directed to procure 528 barrels, 456 breach rings, 489 breach blocks, and miscellaneous parts. Justification for procuring these items was stated to be the standardization of this gun by Canada and Belgium and the possibility of standardization by the Netherlands which would generate additional requirements.

May 29, 1953

Subject contract was signed.

June 30, 1953

Contract was amended to provide for storage of these items by the British.

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CHRONOLOGICAL SUMMARY OF THE ESTABLISHMENT OF THE
REQUIREMENT FOR THE ENGINEER ARMORED VEHICLE, T-39

- May 11, 1950 Ordnance Committee Minutes, Item 33263: Construction of two pilot vehicles mounting 6.5-inch demolition gun was begun at the Detroit Arsenal by modifying M-46 tank chassis.
- February 16, 1951 Memorandum for the Record by Lieutenant Colonel W. B. Richardson, G-4: During a conference on February 15, 1951, of Army officials at the Detroit Arsenal it was decided to use the M-47 tank chassis for future T-39 development.
- March 4, 1952 Conference attended by representatives of Army Field Forces, Engineers, Ordnance, G-3, and G-4: Conference was held to review the status of the T-39 vehicle and to determine a future course of action thereon. Because of the high cost of modifying the M-46 chassis, the conferees concluded that Ordnance should study the cost of modifying as well as the adaptability of other vehicles for this purpose.
- March 29, 1952 Letter from Army Field Forces to G-3: Recommended that, for reasons of economy, the M4 A3 (Sherman) tank chassis be considered for the T-39 instead of the M-47 tank chassis.
- April 8, 1952 Memorandum from Chief of Ordnance to G-3: Informed G-3 that Army Field Forces objected to the cost of the T-39 vehicle and that studies of several alternative chassis were ordered.
- April 15, 1952 Memorandum for the Chief of Staff from General Eddleman of the Materiel Requirements Review Panel: This Panel met on April 10 and recommended the production of 329, T-39 vehicles on M-47 tank chassis.
- April 30, 1952 Memorandum for the Record by Lieutenant Colonel C.A. Heath, Procurement Division, G-4: At a meeting to discuss the T-39 vehicle program, General Collins, then Chief of Staff, expressed his disapproval of the recommendation of the Materiel Requirements Review

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Panel and questioned the value of the demolition gun. General Collins directed G-3 to initiate an immediate review of this requirement.

May 17, 1952

Memorandum of a meeting of the Materiel Requirements Review Panel: This Panel recommended that the Army Field Forces reexamine the validity of the requirement for the T-39.

July 14 to 18, 1952

Meeting of Materiel Requirements Review Panel, Army Field Forces, Fort Knox: This Panel reaffirmed the requirement for an armored engineer vehicle based on a current medium gun tank and rejected the use of an obsolescent armored vehicle. Army Field Forces concurred in the reaffirmation of the requirement but considered that the use of obsolescent armored vehicles might well serve the purpose.

February 9, 1953

Comment from Chief of Ordnance to G-4: Ordnance outlined a program for converting M-46 tank chassis to the T-39 and recommended that the interested Army agencies reach a decision on undertaking this program.

February 24, 1953

Memorandum from G-4 to G-3: G-4 recommended that the requirement for T-39 vehicles be met by appropriate modification of existing stocks of M-4 tanks.

May 1, 1953

Summary Sheet from G-3 to the Chief of Staff: G-3 recommended that the requirement for the T-39 be reaffirmed, that current needs be met by modification of M-4 tanks, and that future development be based on the T-48 tank chassis. General Collins directed that these recommendations be resubmitted at a later date for consideration by the new Chief of Staff.

October 23, 1953

Letter from Chief of Ordnance to Army Field Forces: The Ordnance Corps concluded that the M-47 tank would be the most satisfactory of several alternative choices for modification to the T-39 vehicle.

January 25, 1954

Summary Sheet from the G-3 to the Chief of Staff: The following recommendations were submitted to the Chief of Staff for his approval:

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- a. Reaffirmation of the requirement for the T-39 vehicle.
- b. Modification of the M-47 tank for current requirements.
- c. Conversion of two M-47 tanks for development and engineering tests.
- d. Postponement of full production of T-39 vehicles until after fiscal year 1955 because of fund limitations.

The above Summary Sheet advised the Chief of Staff that there is an initial production requirement for 190 T-39 vehicles and that total mobilization requirements are computed to be 664.

February 23, 1954

Approval of the above Summary Sheet by the Chief of Staff.

April 8, 1954

Letter from Army Field Forces transmitting report containing military characteristics of Engineer Armored Vehicle, dated December 11, 1953. Main armament of the vehicle was based upon approved British specifications for the 6.5-inch demolition gun.

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DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON 25, D.C.

October 14, 1954

The Honorable
The Comptroller General of the United States

Dear Mr. Comptroller General:

In your letter of 23 August to the Secretary of the Army you requested consideration and comments on the matter of the AVRE Gun, particularly the coordination of the requirements and procurement of this item.

The need for and the requirements for an Engineer Armored Vehicle have undergone many determinations. A considerable part of these variations was a result of the changing situation during the different phases of the Korean emergency. These changes are understandable if we bear in mind that the Engineer Armored Vehicle is a new concept. Until its tactical employment was well established and until this weapon found its definite place in our organization, the needs and requirements were quite naturally subjected to many revisions.

Concerning the AVRE Gun, initial aggressive procurement action was taken within a period of emergency in full recognition of the normal delays expected in processing a foreign contract, the long lead time involved in obtaining deliveries, and the possibility of changes occurring in the interim. Furthermore, prompt adjusting action was taken as the value of the proposed equipment, following continued evaluation, came under serious question. At that time, and in light of the situation as it developed, the best interests of the American Government were to be served by contracting and accepting 100 guns rather than pay cancellation charges which were in excess of the price paid for the 100 guns.

The AVRE Gun and the Engineer Armored Vehicle problems are being resolved to the satisfaction of the ultimate users of this weapon.

Two important items of information I should like to call to your attention are:

a. Current plans for FY 1956 provide for the procurement of 182 Engineer Armored Vehicles (AVRE Gun on the M-47 Tank Chassis)

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b. The last of the 100 guns are presently scheduled for delivery during the second quarter of FY 1956. There is a potential imbalance of 82 guns plus spares.

The coordination between requirements and procurement is one of vital concern to all in the Army, and we do our best to provide the munitions of war in sufficient quantity and at the right time and place. Occasionally when new weapons are introduced, there are some risks that must be assumed and efficient production scheduling is not always obtained.

I appreciate your interest in this matter and for giving us an opportunity to present our views.

Sincerely yours,

/s/ F. H. Higgins

F. H. Higgins
Assistant Secretary of the Army
(Logistics and R&D)