



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



PROCUREMENT AND SYSTEMS
ACQUISITION DIVISION

AUG 10 1979

B-163058

The Honorable Harold Brown
The Secretary of Defense



110098

Attention: Assistant for Audit Reports
Room 3A336
ASD (Comptroller)

Dear Mr. Secretary:

Subject: Mission Need for Advanced Strategic
Air Launched Missile Should Be
Reaffirmed Before Contracts Are
Awarded (PSAD-79-101)

We recently began a review of the Air Force's Advanced Strategic Air Launched Missile (ASALM) program, and we are concerned over Air Force plans to award (subsystem demonstration and validation contracts before a Defense Systems Acquisition Review Council I (DSARC I) review of the program. A DSARC I review reaffirms the mission need for a system and approves a program for competitively demonstrating the system concept.)

Your office designated ASALM a major system acquisition program on November 10, 1977, and requested that the Air Force manage it in accordance with Department of Defense (DOD) Directives 5000.1 and 5000.2. (The Air Force estimates that ASALM's total research and development cost will be about \$1.4 billion. The February 1979 ASALM program schedule included a DSARC I review milestone prior to awarding competitive subsystem demonstration and validation contracts. Estimated to cost almost \$84 million through fiscal year 1982, the objectives of these contracts are to:

- develop and test the air-to-air guidance subsystem against an airborne target,
- develop and test techniques for reducing the air vehicle radar cross section,
- develop and test the air-to-ground guidance sub-system,

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--refine the integral rocket/ramjet propulsion subsystem and ground test it, and

--fabricate and test selected critical structural elements of the air vehicle.

These objectives, along with vehicle system design studies, are to assure that the subsystems are developed in a system context.

Despite the facts that ASALM has been designated a major system acquisition and that subsystem demonstration and validation contracts costs have been estimated at almost \$84 million, the Air Force now plans to move ahead with the contract awards without having a DSARC review. Requests for proposals were issued on July 9, 1979, and contract awards are planned for November 1979.

According to Air Force officials, a DSARC I review of the ASALM program is tentatively planned for January or February 1980. In their opinion, (a DSARC I milestone prior to contract award is not necessary because the contracts are for "subsystem" work as opposed to "system" development efforts.) But we noted that according to DOD Directive 5000.2, in setting policy on the DSARC I review, the (demonstration and validation phase could "involve alternative subsystems only and not be conducted at the system level.") Regardless of what it is called, (ASALM program planning documents clearly show that the subsystem demonstration and validation phase would lead to a validation flyoff followed by selection of one contractor for full-scale engineering development.)

We strongly support (DSARC decision milestones ^{are} as a means for directing and controlling the commitment of resources for acquiring major weapon systems.) In a previous report, ^{1/} we emphasized that the DSARC process was sound and should be preserved. ^{(We believe a DSARC I review of ASALM prior to contract award is especially critical since a Mission Element Need Statement (MENS) has not been approved, and a revised Required Operational Capability (ROC) document for the system has not been validated. In addition, the Air Force is still studying alternative means to accomplish ASALM's mission.)}

^{1/}"A Critique of the Performance of the Defense Systems Acquisition Review Council: Billions in Public Funds Involved" (PSAD-78-14, Jan. 30, 1978).

(The decision to proceed with ASALM to the demonstration and validation phase will, in effect, be made when contracts are awarded. We believe that to commit resources prior to a DSARC review may create a situation whereby the DSARC members feel compelled to recommend approval of the program. If the contracts are already awarded, a DSARC recommendation to disapprove or restructure the program would require the Air Force to cancel or modify the contracts, actions which would probably result in increased costs to the Government.)

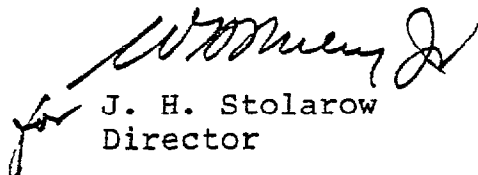
The major weapon system ^{Review} acquisition process provides for well-ordered management based on key decision points prior to committing resources. We recommend that, (to assure that the usefulness of the DSARC process is maintained and to avoid the possibility of starting a weapon system program which may not be needed, ~~you direct~~ ^{the Secretary of Defense} the Air Force to withhold contract awards until an approved MENS and validated ROC have been prepared and the DSARC I review has been accomplished.)

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We are sending copies of this letter to the Director, Office of Management and Budget, and the Secretary of the Air Force. We are also sending copies to the Chairmen of the Senate and House Committees on Armed Services and Appropriations, the House Committee on Government Operations, the Senate Committee on Government Affairs.

As you know, Section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement of the actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of this report and to the House and Senate Committees on Appropriations in connection with your first request for appropriations made more than 60 days after the date of this report. We would appreciate receiving a copy of your statement when it is provided to the congressional Committees.

Sincerely yours,


for J. H. Stolarow
Director