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WASHINGTON, D.C. 20548

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PROCUREMENT AND SYSTEMS ACQUISITION DIVISION

RELEASED

APR 30 1974

B-180024

The Honorable Charles H. Percy
United States Senate

Dear Senator Percy:

In response to your letter of October 30, 1973, we have looked into allegations that the Army Aviation Systems Command (AVSCOM), St. Louis, Missouri, violated Department of Defense and Army procurement regulations. Specifically, one of your constituents indicated that AVSCOM procures major systems by specification only while he believes that the procurement descriptions should include drawings disclosing physical characteristics. He also stated that the practice followed by AVSCOM causes wasteful expenditures of taxpayers' funds.

During our review we met with your constituent who elaborated on the problems, stating that AVSCOM's lack of configuration management, which is generally defined as a discipline to control changes, is resulting in significant waste of taxpayers' funds through repair parts obsolescence and higher contract prices. He also stated that engineering changes were misclassified and incorporated into contracts without proper approval.

Our review did not identify any violations of procurement regulations or wasteful expenditures of funds and we found that the Command is generally complying with applicable configuration management regulations. The configuration management process, according to regulations, must be tailored to the particular item involved and must consider many factors, such as whether the item was privately developed and whether the Government has the right to control detailed configuration. We believe that in some cases drawings are not required to assure proper configuration management particularly when specifications adequately describe the item to be procured.

We examined applicable Department of Defense and Army regulations and reviewed the processing of engineering change proposals (ECPs). We reviewed the configuration management control system at AVSCOM and at one contractor's plant, Bell Helicopter Company, Ft. Worth, Texas. We also held discussions with AVSCOM and contract officials.

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CONFIGURATION MANAGEMENT

Configuration of aircraft items is controlled at AVSCOM by a configuration control board, representing the various Command functional elements. The board reviews and approves all Class I ECPs. Class I ECPs are those which affect the configuration of aircraft or the Government's interest.

AVSCOM's Configuration Management Division is responsible for coordinating the efforts leading to the approval of Class I ECPs and for monitoring their use in programs. It has no approval or disapproval authority over ECPs. Army regulations provide that configuration identification need be established only to the extent necessary for aircraft in operational inventory. Command officials have stated that in some cases contractors maintain the product baseline identification data and that it would be an unnecessary duplication of effort for AVSCOM to maintain it.

Until recently, contractors have maintained and controlled the engineering data for aircraft bought by the Army. Lately, the Army has included requirements for configuration management data in its contracts for aircraft or modifications to aircraft that are being developed at Government expense.

SPECIFICATIONS AND DRAWINGS

Review of a 1971 contract for aircraft showed that the contractor was required to produce the aircraft in accordance with a model specification only. The contract did not cite engineering drawings, however, all changes to the aircraft were required to be submitted to either AVSCOM or the Army's plant representative for approval. In more recent contracts, configuration management provisions have been included and the contractor has been required to build the aircraft according to both model specifications and assembly drawings.

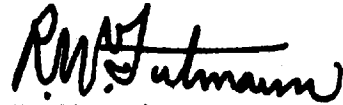
CLASSIFICATION OF ENGINEERING CHANGES

As a part of our review, we examined selected engineering changes, called Class II changes, to determine the propriety of their classifications. Class II changes generally are used to correct errors in drawings or to alter aircraft parts without affecting their form, fit, function, interchangeability or substitutability. Army regulations stipulate that changes of this type need not receive prior approval but that they should be submitted to the administrative contracting officer for concurrence of classifications. We examined about 100 of the changes and engineering orders to determine whether they resulted in obsolescence and disposal of parts as had been charged. We found

no fault with the classifications. In our test we did not find any instances of parts obsoleted and disposed of as a result of such changes, nor did we find indications of increased prices.

We do not plan to make further distribution of this report and we trust the information presented above is responsive to your needs.

Sincerely yours,

A handwritten signature in black ink, appearing to read "R. W. Gutmann". The signature is written in a cursive style with a prominent initial "R" and a long horizontal stroke extending across the name.

R. W. Gutmann
Director