



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

January 23, 2009

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
NAVAL INSPECTOR GENERAL
COMMANDER, MARINE CORPS SYSTEMS COMMAND

SUBJECT: Department of Defense Office of Inspector General Report No. D-2009-041, "The Expeditionary Fire Support System and Internally Transportable Vehicle Programs," January 14, 2009

We are revising a page of the subject report to address an error identified after publishing. The revision is minor and does not affect the overall findings, conclusions, or recommendations presented in the report. We are incorporating the update in the electronic version of the report that is located on our Web site at <http://www.dodig.mil/Audit/reports/index.html>.

We are revising the last sentence of the second paragraph in the "What We Found" section of the Results in Brief page to read "As a result, the Command's source selection decision did not meet Federal Acquisition Regulation tests of fairness, impartiality, and equitable treatment." We made this change to reflect earlier changes to report finding B made in response to Navy and Marine Corps comments on a draft of this report. Please reference the attached as a replacement page for any copies of the subject report in your possession. We have revised only the page indicated; no other information in the report has been modified. You can also access a complete revised version on our Web site as indicated in the previous paragraph.

We did not request comments in the original transmittal of this report, and since the revision made was minor in nature, we do not request comments on this revision.

If you have any questions on the revisions, please contact me at (703) 604-9200 or Mr. Benjamin A. Mehlman at (703) 604-9291.

A handwritten signature in cursive script, reading "Richard B. Jolliffe".

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

Attachment



Results in Brief: The Expeditionary Fire Support System and Internally Transportable Vehicle Programs

The Expeditionary Fire Support System (EFSS) is a direct-support weapon system for the vertical assault element of a ship-to-objective maneuver force. The Internally Transportable Vehicle (ITV) program fields expeditionary vehicles to ground units to support various operations. The EFSS and ITV have been developed for use with and transport in the MV-22 Osprey.

What We Did

We determined whether contract competition and program administration for the U.S. Marine Corps EFSS and ITV programs were in accordance with the Federal Acquisition Regulation and supporting DoD guidance. We conducted this audit in response to a request from Senator Carl Levin, Chairman of the Senate Committee on Armed Services, who forwarded constituent concerns made by a prospective EFSS/ITV subcontractor.

What We Found

Although our audit did not substantiate most of the constituent's concerns, we found problems with EFSS and ITV program management and contract award. The Marine Corps Milestone Decision Authority approved the entrance of the EFSS and ITV programs into the Production and Deployment Phase (Milestone C) before the systems had demonstrated acceptable performance in developmental test and evaluation. As a result, the schedule for initial operational capability has slipped 22 months for the EFSS and 17 months for the ITV, while the average unit cost has risen by 86 percent for the EFSS and by 120 percent for the ITV. However, the Marine Corps has corrected most EFSS and ITV technical problems as reflected in 2008 operational test and evaluation effectiveness determinations.

The Marine Corps Systems Command did not award the EFSS and ITV contract in accordance with the

Federal Acquisition Regulation. Specifically, Command source selection personnel did not adequately document and disclose all technical evaluation criteria in the solicitation and did not prepare a price negotiation memorandum. As a result, the Command's source selection decision did not meet Federal Acquisition Regulation tests of fairness, impartiality, and equitable treatment.

The Marine Corps Systems Command internal controls were not adequate. We identified internal control weaknesses over contract competitions and the acquisition system's program planning and execution process.

What We Recommend

We recommend that the Commander, Marine Corps Systems Command improve specific contracting and acquisition internal controls highlighted in the findings.

Client Comments and Our Response

The Assistant Secretary of the Navy (Research, Development and Acquisition) and the Commander, Marine Corps Systems Command provided comments in response to this report that disagreed with some report findings, but generally agreed with the recommendations. The comments were responsive.



EFSS and ITV