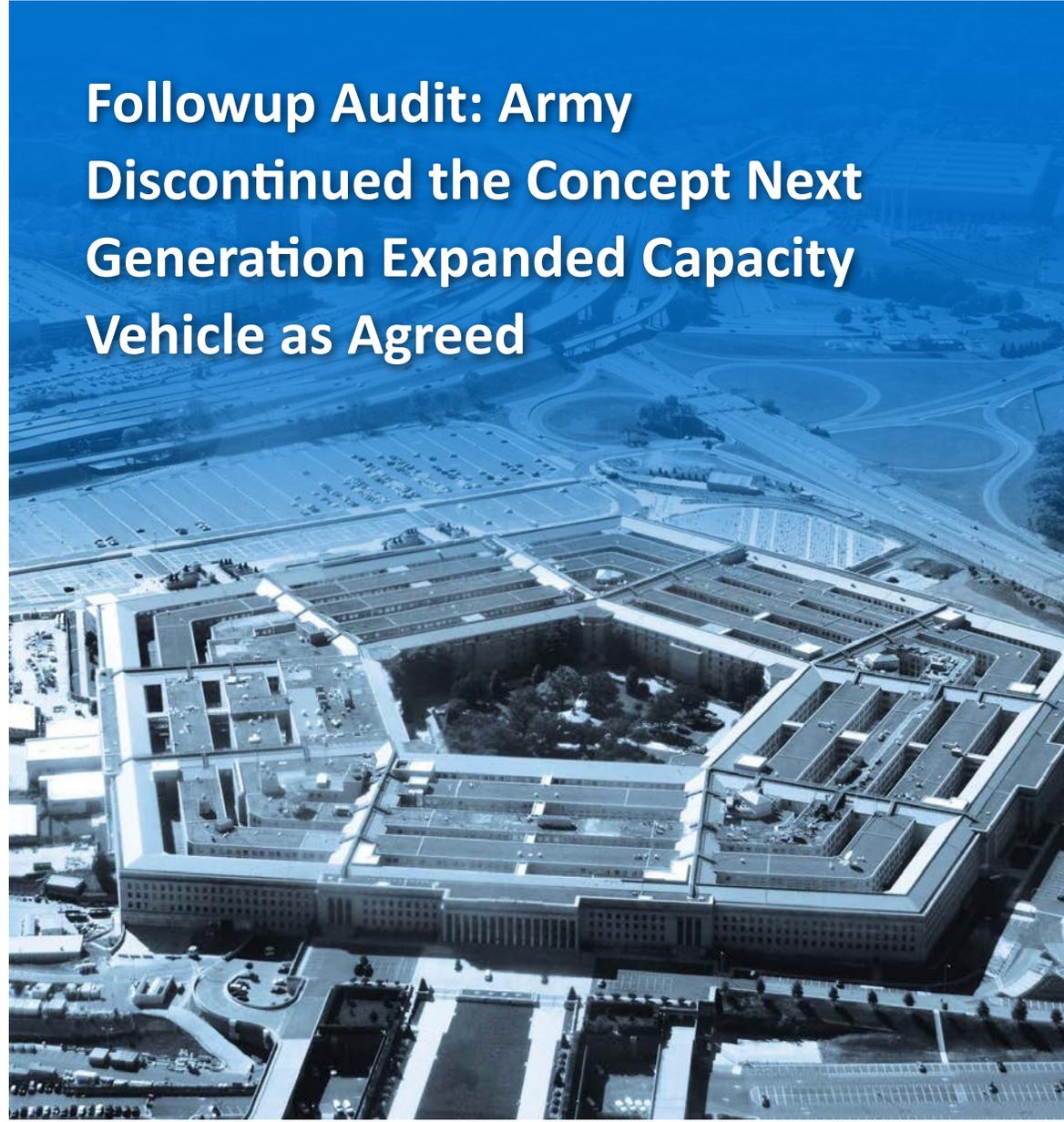




INSPECTOR GENERAL

U.S. Department of Defense

JANUARY 31, 2014



Followup Audit: Army Discontinued the Concept Next Generation Expanded Capacity Vehicle as Agreed

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Results in Brief

Followup Audit: Army Discontinued the Concept Next Generation Expanded Capacity Vehicle as Agreed

January 31, 2014

Objective

We conducted this followup audit to verify the agreed-upon actions for Recommendation B.1. of DoDIG Report No. D-2010-039. Our objective was to determine whether the Army discontinued the Next Generation Expanded Capacity Vehicle (ECV2) concept program and avoided spending about \$3.84 billion as agreed to in Recommendation B.1. See Figure 1 for the ECV2 XM 1211 concept model.

Findings

We determined that Army officials discontinued the ECV2 concept program and avoided spending about \$3.84 billion. Specifically, the Army

- did not procure any ECV2 vehicles beyond developmental testing;
- did not include ECV2 vehicles in the HMMWV Acquisition and Army Equipment Modernization Plans from FY 2010 through FY 2013 as part of the Army's future procurement for light tactical vehicles;
- removed the procurement of ECV2 vehicles from the President Budget, Army Procurement Programs for FY 2009 through FY 2013.

Management Comments

Army officials have taken appropriate actions to address issues with respect to the agreed-upon actions; therefore, we do not require any written response to this report.



Figure 1. XM1211-Model Up-Armored ECV2
Source: DoDIG Report No. D-2010-039, "Recapitalization and Acquisition of Light Tactical Wheeled Vehicles," January 29, 2010.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

January 31, 2014

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Followup Audit: Army Discontinued the Concept Next Generation Expanded Capacity Vehicle as Agreed (Report No. DODIG-2014-034)

We are providing this final report for your information and use. We performed this audit as a followup to the agreed-upon actions for DoDIG Report No. D-2010-039, "Recapitalization and Acquisition of Light Tactical Wheeled Vehicles," Recommendation B.1., to discontinue the ECV2 concept program and avoid spending about \$3.84 billion. Army officials took appropriate actions to address issues with respect to the agreed-upon actions. We considered management comments on a discussion draft of this report in preparing the final and revised the report as appropriate. No written response to this report is required.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

A handwritten signature in cursive script that reads "Amy J. Frontz".

Amy J. Frontz
Principal Assistant Inspector General
for Auditing

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Objective

Our audit objective was to determine whether the Army discontinued the Next Generation Expanded Capacity Vehicle (ECV2) program and avoided spending about \$3.84 billion as agreed to in Recommendation B.1 of DoDIG Report No. D-2010-039.

Background

The Army planned to upgrade or replace the High Mobility Multi-Purpose Wheeled Vehicle (HMMWV). The Army's HMMWV fleet consists of five different models: the Command and Control; Armament Carrier; Cargo/Troop Carrier; Tube-Launched, Optically-Tracked, Wire Command-Link Guided Carrier; and the Ambulance. The Program Executive Officer, Combat Support & Combat Service Support (PEO CS&CSS), is responsible for managing the HMMWV program. In 2008, the Army selected ECV2 as a developmental vehicle to upgrade the HMMWV fleet and thus created a concept program to test and develop the prototype ECV2 fleet.

The Army expected ECV2 to restore the performance of the HMMWV and bridge the capability gap between current HMMWV Expanded Capacity Vehicle models and the Joint Light Tactical Vehicle—the Army's future light tactical vehicle. Performance of the HMMWV was reduced during Operation Iraqi Freedom and Operation Enduring Freedom due to increased armor protection to meet increasing threats. The Army anticipated that production for the ECV2 would begin in FY 2010.

Prior Audit Finding B Summary

DoDIG Report No. D-2010-039 stated that the Project Manager for Tactical Vehicles planned to acquire 11,500 ECV2s at an estimated cost of \$3.84 billion without establishing the ECV2 concept program as a new start acquisition program, planning to conduct full and open competition, or determining ECV2's capabilities compared with those of current and planned light tactical wheeled vehicles. Furthermore, the Project Manager for Tactical Vehicles risked procuring a vehicle that duplicated existing capabilities and had vulnerabilities that other vehicles being procured could mitigate, such as the Mine-Resistant Ambush-Protected, All-Terrain-Vehicle and the Joint Light Tactical Vehicle.

From March 2009 through May 2009, the Army conducted testing of the ECV2 to assess the vehicles' readiness for production and applicability to the Army. Following the tests, the Army determined that the ECV2 did not meet the Army's improvements in protection requirements because these vehicles did not have adequate underbody

Improvised Explosive Device protection and had only 30 percent commonality of parts with the current HMMWV fleet.

Army Agreed-Upon Actions

Recommendation B.1 for DoD IG Report No. D-2010-039 stated that the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASA[ALT]) in coordination with the commanding General, Army Training and Doctrine Command should analyze the capabilities of currently fielded and future light tactical wheeled vehicles as part of the Joint Capabilities Integration and Development System process to determine need for the ECV2.

ASA(ALT) disagreed but decided to take no further action on the ECV2. According to Report No. D-2010-039, the PEO CS&CSS stated that funding set aside for the ECV2 would remain in the overall HMMWV budget line. ASA(ALT) also stated that, should the Army revisit the ECV2, the recommendation would be taken under consideration in future acquisition planning. Although the office of the ASA(ALT) disagreed, the prior audit team concluded that the Army had met the intent of the recommendation.

Actions Ending the ECV2 Program

The Army discontinued the ECV2 concept program and avoided spending about \$3.84 billion. This occurred because the Army did not procure any ECV2 vehicles beyond developmental testing. As a result, these funds remained in the HMMWV budget line and allowed the Army to use the funds for other Army programs and expenses.

Although the initial HMMWV Acquisition Plan for FY 2010 through FY 2013* included and anticipated the procurement of ECV2 vehicles, the Army decided not to invest in the ECV2 following the ECV2 testing. As a result, Army officials did not procure any ECV2 vehicles besides those used during prototype testing and in June of 2009 subsequently revised the HMMWV Acquisition Plan for FY 2010 through FY 2013 to include only the procurement of current HMMWV Expanded Capacity Vehicle models. The HMMWV Acquisition and Army Equipment Modernization Plans from FY 2010 through FY 2013 also did not include ECV2 vehicles as part of the Army's future procurement for light tactical vehicles. Instead these plans and strategies focused on the integration, development, and procurement of the mine-resistant, ambush-protected, all-terrain vehicle and the Joint Light Tactical Vehicle. See Figure 2 for the Joint Light Tactical Vehicle.

* The PEO CS&CSS approved the HMMWV acquisition plan in September 2008.



Figure 2. Joint Light Tactical Vehicle
Source: <http://www.peocscs.army.mil/PdMJLTV.html>

Additionally, Army officials removed the procurement of ECV2 vehicles from the President Budget, Army Procurement Programs for FY 2009 through FY 2013. Initially the Army included ECV2 vehicles as part of the projected HMMWV procurements for FY 2009 through FY 2013. However, following the ECV2 testing and the Army's decision not to invest in the vehicles, the Army subsequently revised the budgeted HMMWV procurements for FY 2009 through FY 2013 to include only current HMMWV Expanded Capacity Vehicles. This allowed the Army to use the \$3.84 billion for other Army programs and expenses.

Appendix

Scope and Methodology

We conducted this performance audit from July 2013 through December 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We interviewed officials from various Army offices such as ASA(ALT), Headquarters Department of the Army-G8, and PEO CS&CSS. We also reviewed the PEO CS&CSS acquisition documents, Army budgetary documents, and the HMMWV developmental and testing contract for FY 2009 through FY 2013.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Use of Technical Assistance

We did not use technical assistance for this audit.

Prior Coverage

During the last 5 years, we found 10 audit reports discussing the acquisition of light tactical vehicles. However, we determined that only two DoDIG audit reports applied to our audit objective. Unrestricted DoDIG reports can be accessed at www.dodig.mil.

DoD OIG Report No. D-2011-019, "Live Fire Testing of Light Tactical Wheeled Vehicles was Effective for the Portions Completed," November 24, 2010

DoD OIG Report No. D-2010-039, "Recapitalization and Acquisition of Light Tactical Wheeled Vehicles," January 29, 2010

You can obtain information about the Department of Defense Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense (IG DoD)," April 20, 2012; DoD Instruction 7600.02, "Audit Policies," April 27, 2007; and DoD Instruction 7050.03, "Office of the Inspector General of the Department of Defense Access to Records and Information," March 22, 2013. Our website is www.dodig.mil.

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