DEFENSE LOGISTICS

Additional Oversight and Reporting for the Army Logistics Modernization Program Are Needed

Why GAO Did This Study

The Logistics Modernization Program (LMP) is an Army business system that is intended to replace the aging Army systems that manage inventory and depot repair operations. From 1999 through 2009, the Army expended more than $1 billion for LMP. LMP was originally scheduled to be completed by 2005, but after the first deployment in July 2003, the Army delayed fielding because of significant problems. The Army later decided to field the system in two additional deployments: the second in May 2009 and the third in October 2010. GAO was asked to evaluate the extent to which the Army will achieve the intended functionality (e.g., supply chain management and materiel maintenance) from LMP for the commands, depots, and arsenals participating in the third deployment. To do this, GAO reviewed Army plans and policies related to LMP and met with Army officials at three Army commands and several third deployment sites.

What GAO Recommends

GAO previously recommended that the Army address issues related to its implementation of LMP. GAO recommends further that the Army periodically report to Congress on the progress of LMP, including its progress in ensuring that the data used in LMP can support the system, timelines for the delivery of software necessary to achieve full benefits, and the costs and time frames of its mitigation strategies. DOD agreed with GAO's findings and recommendation.

View GAO-11-139 or key components. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov, Asif A. Khan at (202) 512-9869 or khana@gao.gov, or Nabajyoti Barkakati at (202) 512-4499 or barkakatin@gao.gov.

What GAO Found

The Army has made improvements to its LMP implementation strategy, but it may not fully achieve the intended LMP functionality in its third deployment, which began in October 2010, because it has not corrected long-standing data inaccuracies and has not fully developed the software and systems needed to support critical functionality. Specifically:

- GAO previously recommended that the Army improve testing activities to obtain reasonable assurance that the data used by LMP can support the LMP processes. The Army implemented data audits and new testing activities to improve data accuracy, but data issues persist, which could impede LMP functionality. According to Army officials, these new testing activities were designed to assess how well the LMP software functions but not how well the data work in LMP. Third deployment locations were also able to perform individual tests on the data, but these activities were not coordinated or managed by the Army. As a result, the audits and new testing activities did not provide the Army reasonable assurance that the data in LMP are of sufficient quality to achieve the intended LMP functionality once the system has been deployed. Without this assurance, the Army may experience the same data-related problems during the third deployment that were experienced during the second deployment, which prevented Corpus Christi and Letterkenny Army Depots from using LMP functionality as intended.

- The Army's software development schedule and subsequent testing of capabilities needed by several locations are not expected to be delivered until after September 2010, but costly mitigations may be required if delivery is delayed. Unlike the previous deployments of LMP, the operations at some of the third deployment locations require additional capabilities. For example, the Army Sustainment Command and the Joint Munitions and Lethality Life Cycle Management Command perform missions that require LMP to interface with existing systems in order to perform day-to-day missions. If the software capabilities are not operating as intended, several sites will not have the necessary LMP functionality to perform their missions. The Army has mitigation plans to address this functionality gap. For example, the Joint Munitions and Lethality Life Cycle Management Command plans to hire 172 additional personnel, and the Tank-automotive and Armaments Command expects to hire 95 additional personnel to perform manual data entry until the capability is delivered. The Army expects that these mitigation plans will increase costs.

Prior to transitioning to LMP, the Army is directed to certify that it is prepared to make the transition, but it is not required to regularly report to Congress specifically on LMP implementation. Congress therefore lacks complete and ongoing information to aid in its oversight of this program characterized by implementation delays and long-standing problems that have precluded LMP functionality at the sites included in the first two LMP deployments.

_____ **United States Government Accountability Office**