

FOR COLONEL SMITH/COL HERAN FROM /RANDALL

REFERENCE YOUR CHARGE 6205 CONCERNING DORIAN AEROSPACE. THE MESSAGE IS ANOTHER ILLUSTRATION OF PROCEEDING ON A CERTAIN BASIS FOR AN EXTENDED PERIOD NOT CONSISTENT WITH PROGRAM LIMITATIONS, WITHOUT SUFFICIENT ALERTING TO THIS HEADQUARTERS. AND THEN SUBMITTING A MESSAGE WHICH PROVIDES CHOICES OF COVERING UNAPPROVED DEFICIENCIES OR SUFFERING DRASTIC IMPACTS ON THE PROGRAM. THIS IS NOT MERELY A CASE THAT THE AEROSPACE DOLLAR CEILINGS WOULD NOT BE EXCEEDED BY THE ACTIONS; MORE IMPORTANTLY, IT PRESENTS ANOTHER INCREASED FUNDING PROBLEM FOR DORIAN, WHICH IS ALREADY IN SERIOUS FINANCIAL CONDITION. FURTHER, INCREASED FY 1967 ACTIVITY INHERENTLY CREATES AN ADDED FY 1968 FUND PROBLEM BECAUSE OF THE INCREASED MTS LEVEL AT THE START OF FY 1968. THE MONTHLY FINANCIAL STATUS REPORTS THRU FEB 1967 HAVE NOT INDICATED THE THE \$1,750K APPROVAL WOULD BE INADEQUATE, YET IT IS APPARENT THAT YOU WERE PROCEEDING AT A RATE IN THE FIRST HALF OF THE FISCAL YEAR WHICH SIGNIFICANTLY EXCEEDED THE APPROVED RATE. DORIAN FUNDING APPROVALS ARE TO BE CONSIDERED AS LIMITING UNTIL ACCEPTABLE AND TIMELY REASONS ARE PROVIDED FOR A CHANGE. IF IT IS CONSIDERED THAT ANY APPROVAL IS INADEQUATE, THEN THE PROPER COURSE OF ACTION IS TO REQUEST AN INCREASE WITH RÉASONS AS SOON AS THE SITUATION DEVELOPS. AND NOT TO TAKE ACTIONS WHICH AUTOMATICALLY CREATE DEFICIENCIES. 🛾 THOUT THIS UNDERSTANDING. ADEQUATE FINANCIAL MANAGEMENT CAN NOT BE MAINTAINED.

FURTHER ACTION ON YOUR REQUEST IS DEPENDENT ON A BETTER UNDERSTANDING OF MOL AEROSPACE MTS AND COSTS, BOTH DORIAN AND WHITE, FOR FY 1967 AND 1968. REQUIREMENTS ARE TO CONSIDERED THE REVISED BASELINE PROGRAM SHCEDULE. REQUEST THIS AEROSPACE SUBJECT BE INCLUDED ON THE AGENDA FOR THE MOL MANAGEMENT MEETING ON APRIL 6 FOR REVIEW AND DECISION BY DR. FLAX AND GEN FERGUSON.

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