

We found that agency officials in awarding prime contracts were not requiring prime contractors to use a new Contract Pricing Proposal Form (DD Form 633) dated December 1, 1964. This form contains instructions to offerors which, if properly implemented, could, in our opinion, go a long way toward achieving compliance with the procurement regulations implementing the law. The Department of Defense has now taken steps to correct this matter. However, during our review of subcontracts, we found that prime contractors were not being required to use the new form in obtaining proposals from their subcontractors.

We proposed that the Department of Defense clarify its procurement regulations to provide that, where cost or pricing data are required in the award of prime contracts and subcontracts, agency officials and prime contractors be required to obtain from offerors written identification of the cost or pricing data, as defined in the regulations, in support of cost estimates along with certificates specifically covering the identified data and to retain such records in procurement files.

We proposed also that the prescribed certificate be revised to require the contractor to certify that a written identification of the cost or pricing data, as defined in the regulation, provided or otherwise made available to the contracting officer or his representative in support of the proposal, has been submitted and that such data are accurate, complete, and current as of the date agreed upon by the parties (which shall be as close to the date of agreement on the negotiated price as is practicable).

Further, we proposed that the Department of Defense take appropriate actions to emphasize and clarify certain existing requirements dealing primarily with the application of Public Law 87-653 to the award of subcontracts and to ensure that agency and contractor officials are complying with them.

The Deputy Assistant Secretary of Defense (Procurement) advised us that a special group had been appointed under the guidance of his office to study all the material contained in our report. He assured us that the necessity of providing additional guidance on the subject of submittal and retention of data or identification in lieu of submittal will be considered.

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#### REVIEW OF PROCUREMENT OF FOREIGN PRODUCED AIRCRAFT EJECTION-SEAT SYSTEM, DEPARTMENT OF DEFENSE

Our review of the procurement or the ejection-seat system for installation in F-4C type of aircraft shows, in our opinion, that the selection of a domestically produced seat system instead of the foreign-produced seat system could have resulted in potential savings of about \$4.4 million in procurement, maintenance, and supply support costs for fiscal years 1964 through 1969. Our estimate of potential savings was based on the selection of the domestically produced seat system installed in the Department of the Air Force F-105 type of aircraft. (This review was made in response to a request dated September 16, 1963, from the Chairman, Committee