

GAO CONSIDERS LAW CLEAR

Mr. STAATS. We do not believe they need any clarification. This is really a matter of being sure that the law was fully complied with by the contracting officers. The law that you are referring to has been referred to as the "Truth in Negotiations" law.

Chairman PROXMIRE. Right.

Mr. STAATS. Our purpose in undertaking the study was to find out really whether or not it had been carried out in accordance with the intent of Congress.

SERIOUS LACK OF COMPLIANCE

Chairman PROXMIRE. Would you agree there is a serious lack of compliance?

Mr. STAATS. Yes.

Chairman PROXMIRE. And a comprehensive lack of compliance?

242 CASES TESTED BY GAO

Mr. STAATS. Yes. We felt the matter was so important that we were not willing to rest just on a few isolated cases, and that is the reason we took 242 cases of either prime or first-tier subjects.

Chairman PROXMIRE. What were the results of your finding in some of those cases?

Mr. STAATS. In our report which we sent to the Congress, which is dated January 16, it indicated very widespread noncompliance with the law.⁷

Our review was during the period April 1965 to June 1966. Thus, we picked a period when the law had been in effect for 2 years, so there would be adequate time for somebody to issue the regulations.

185 OF 242 CASES AWARDED UNDER LAW

We found 185 of the 242 procurements examined in the first phase were awarded under requirements of the law and procurement regulations for submission of cost or pricing data and certification that the data submitted was accurate, complete, and current.

IN 165 OF THE 185 CASES RECORDS LACKING

However, in 165 of these awards we found that the agency officials and prime contractors had no records identifying the cost or pricing data submitted and certified by offerors in support of significant cost estimates.

NO RECORDS FOR REMAINDER

We also found that of the remaining 57 of the 242 procurements examined, agency and contractor records of the negotiation indicated that cost or pricing data were not obtained apparently because the prices were based on adequate price competition or on an established catalog or market price of commercial items sold in substantial quan-

⁷ See staff study, 1967, p. 273.