

LAW PROTECTS CONTRACTOR

Mr. STAATS. The law is a good law from the standpoint of the contractor as well, because if this information was, in fact, made available to the contracting officer and the information was current, accurate, and complete, then the Government does not have any recourse if it later develops that costs are less than anticipated.

GOVERNMENT HAS RECOURSE IF PRICES MISQUOTED

However, if that information were not made available, and it is determined that his prices quoted were inaccurate, then the Government does have recourse.

Mr. WEITZEL. You have such a case as that if the contractor presented information indicating that he was going to pay \$500,000 for a particular component to his assembly that he is furnishing the Government. As a matter of fact, he could have a rather firm bid for \$300,000. This is close to an actual case; it is not an actual case.

In that event, and if the contractor had certified that he had furnished the most accurate, current, and complete information whereas, in fact, he had not, and the Government found on audit that he had not, then the Government could have a basis for a claim because of the contractor's failure.

DOD RESPONSIBILITY

Chairman PROXMIRE. Now this seems to be a clear responsibility of the Defense Department.

Mr. NEWMAN. That is right.

Chairman PROXMIRE. Because the contractors haven't even got the forms, is that correct?

Mr. NEWMAN. They have forms now.

Chairman PROXMIRE. Form 633, I understand, has not been distributed by the Defense Department.

Mr. NEWMAN. At that point in time they had not been distributed. When we were out working on the audit of 242 contracts, the forms had been sent to the warehouse instead of to the contracting officers, so we got them to get them out of the warehouse and send them to the contracting officers.

Chairman PROXMIRE. But you are making a report based on what you found at this time when the reports were in the warehouse.

Mr. NEWMAN. That is right.

Chairman PROXMIRE. So a contractor can hardly be held liable for something that he is not given the form on which he is to report.

Mr. NEWMAN. That is correct.

DCAA RESPONSIBILITY

To give you another illustration, Mr. Chairman, as you know, we are vitally interested, and it has been discussed here at the hearings, about internal audit. DCAA, which was set up, I think, about 2½ or 3 years ago, is responsible for all the contract auditing.

Senator SYMINGTON. What does that mean?

Mr. NEWMAN. Defense Contract Audit Agency.