

point that was made by Representative Hardy in proposing the amendment to the Armed Services Procurement Act, and the Federal Property Act, which gave the GAO auditors access to contractors' records in cases of negotiated contracts. He said—

Chairman PROXMIRE. You have that Hardy amendment which is in the law?

Mr. WEITZEL. That has been in the law.

Chairman PROXMIRE. You act under that. But do they have any corresponding authority?

Mr. WEITZEL. They do not, but they also have the authority to make a contract as one of the parties to the contract, the other one, of course, being the contractor, and we feel that it is, let's say, consistent with good management to insure that you have such access to records in the case of a negotiated contract so that you will be able to determine whether you had the proper information.

Representative CURTIS. Will the gentleman yield?

On the renegotiation clauses or redetermination clauses that are put in those contracts, that is the essence of them, isn't it, that they have access to this information?

Mr. WEITZEL. A price redetermination clause would have provisions for furnishing cost information on which a redetermination could be based. But, Mr. Hardy said that the contractor would have his lawyers and accountants and he felt that the Government was at least entitled to the benefit of an audit report and we think they are entitled to the benefit of a Defense audit report, but this has been a matter of some discussion as you can see.

DOD HAS ACCESS TO CERTAIN DATA

Mr. KELLER. I would like to clarify one point on the access problem. It is a question of degree or extent of access with the Defense Department. They do have access to the data used in negotiating the contract. We think they should also have access to the cost of performing the contract.

Chairman PROXMIRE. They do have access to what.

Mr. KELLER. The data used by the contractor in negotiating the contract.

Chairman PROXMIRE. And they also ought to have access—

Mr. KELLER. To the cost of performing the contract as well as the data used in negotiating the contract.

Mr. STAATS. Under Public Law 87-653, the Truth in Negotiations law, the contracting officer would have access to any available information at the time the contract is negotiated. What Mr. Keller is referring to then is what actually takes place after the contract is entered into.

Chairman PROXMIRE. Well, the Truth in Negotiations Act isn't enforced or hasn't been, we haven't had any evidence that it is being respected. And absent that we don't have the postaudit either.

"TRUTH IN NEGOTIATIONS" AND POSTAUDIT

Mr. STAATS. We don't really have either effectively, now.

Chairman PROXMIRE. You don't have anything. You don't have either effective now, you say.