

PECKING AT THE PROBLEM

Mr. NEWMAN. Mr. Chairman, it is just impossible for the General Accounting office to audit all these contractors. We are pecking at it as best we can.

Chairman PROXMIRE. Right.

Mr. NEWMAN. But there are some 3,600 auditors over in DCAA that should devote considerable of their time to postaudit.

POSTAUDITS FORECLOSED BY DCAA IF "COMPETITION" CLAIMED

The other area under this Truth in Negotiation that the DCAA auditors cannot touch is when the contracting officer decides that he has competition. The only one who gets into that area is the General Accounting Office and this we don't like because we have noticed in statistics that have come through recently that this type of procurement has jumped from \$5 billion to \$10 billion in 1966.

COMPETITIVE PROCUREMENT JUMPED FROM \$5 BILLION TO \$10
BILLION IN 1966

Chairman PROXMIRE. \$5 billion to \$10 billion?

Mr. NEWMAN. In one year, in this area.

Representative CURTIS. They claim were negotiated?

GAO DISAGREES ON DEFINITION OF "COMPETITION"

Mr. NEWMAN. The contracting officer claims it is awarded on the basis of competition but we found that in some cases there was not price competition.

Chairman PROXMIRE. I see.

Mr. NEWMAN. There has got to be definite criteria set up as to what is competition.

Chairman PROXMIRE. They claim competitive negotiation has jumped from \$5 to \$10 billion? That doesn't seem reasonable.

AUDITS REQUESTED BY CONTRACTING OFFICER

Mr. NEWMAN. But there is no audited proposal, you see. The auditors don't get into that proposal unless requested by the contracting officer. We found very few audits made in this area.

COLLABORATION BETWEEN PROCUREMENT OFFICER AND AUDITORS

Chairman PROXMIRE. This brings up another question:

Your report on estimating systems mentioned that Mr. McNamara has so far been unable to get his auditors and procurement officials to get together. Apparently certain information is denied to auditors by their colleagues. As I understand, Mr. McNamara personally addressed himself to that problem 3 years ago in a memorandum. Has he had any success to this day?

Mr. STAATS. You are quoting from the Cleveland *Plain Dealer* article?

Chairman PROXMIRE. Yes.