

CONTRACT AUDIT AND ADMINISTRATION

Mr. IGNATIUS. No, sir, I don't think you are in that last phrase, because you made a distinction between administration and audit. Administration of the contract, namely post-award after the contract is awarded is, broadly speaking, within the procurement function, the post-award function of contract administration as it is called.

Representative RUMSFELD. That is my information.

AUDIT SEPARATE FROM OPERATION

Mr. IGNATIUS. But audit has always been, in business or in Government, tended to be independent of the operating people, in order that the auditing people can be objective and detached. For that reason, the auditing function is the responsibility of another supervisory channel, and not in the supervisory channel of the operators. In other words, you don't want to audit yourself.

Representative RUMSFELD. Is the construction contract in other countries in Southeast Asia the same kind of a contract?

Mr. IGNATIUS. We have a contract in Thailand with Dillingham, Zachary, and another one in Thailand with Utah, Martin and Day, both under the administration of the Navy's Facilities Engineering Command. I believe, but will need to check the record, that these may also be on the award-fee basis. Those contracts are important, but they are smaller in scope than the RMK contract in Vietnam is, one less than \$100 million and the other around \$160 million.

I will have to check the record to see the amounts. We have augmented them and the current value I would think of those contracts would not aggregate \$300 million.

Representative RUMSFELD. Mr. Secretary, my time is up. I would just want to echo the concern that Mr. Curtis expressed. It may be that your testimony is responsive to the Chairman's letter.

It is not responsive to the questions that are on my mind, and it seems to be a rather superficial and in some ways a little heavy on the adjectives—at least your answers have been, as to what is going on.

When you say the competitive price was achieved in answer to Chairman Proxmire, when you had one firm submitting a response to your request for a proposal, it leads me to the inevitable conclusion that you and the Department of Defense have a very different definition of the word "competitive" than I do.

Mr. IGNATIUS. Yes.

DEFINITION OF COMPETITION

Representative RUMSFELD. And it seems to me when you talk about increasing from 43.4 to 44.4 your competitive proposals, I believe those were the figures, that you might very well be talking about something entirely different than I am talking about, and there is a tendency to—

Mr. IGNATIUS. Mr. Rumsfeld, if you will look at the record when it is available, I did not say what you said I said. I used a hypothetical example in response to the chairman's question, where an award was made in a competitive atmosphere, and the price was competitive, even