

ADVERTISED PROCUREMENT 15.1 PERCENT OF TOTAL

Chairman PROXMIRE. Yes, I agree.

Now, I would like to proceed in this competitive bidding area. I have here a table the source of which is the Office of Secretary of Defense Military Prime Contract Awards and Subcontract Payments on Commitments, showing that formally advertised procurement constituted 15.1 percent, and the negotiated procurement constituted about 85 percent, 84.9.

NEED FOR SOUND NEGOTIATION

The reason that I am happy that we had this discussion on competitive procurement or formally advertised procurement is it indicates the very great importance in the negotiations of having sound negotiations, on which you have full information, which brings me to the fact we have had on the books the Vinson Law since 1962, which provided for the truth in negotiations, provided that the contract shall specify the accurate, complete, and current costs on which the negotiations are based, and yet I think we had very good documentation that this law is not being enforced by the Department of Defense, and I would like to ask you about it.

STATEMENT OF COMPTROLLER GENERAL

Mr. Staats said this. I refer to the transcript of yesterday. He said first that he conducted a study, because he was so concerned about this, and they thought it was so important that they felt that there may be lack of compliance, so they conducted quite a comprehensive study. I will quote from the transcript (p. 62):

Mr. STAATS. And 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.

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

Mr. STAATS. Yes.

Chairman PROXMIRE. And a comprehensive lack of compliance?

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 it 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 said in part:

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

We also found that of the remaining 57 of the 242 procurements examined—and there was some compliance with some of them—
of the remaining 57—

which was not compliance and which did not fall in this other category I mentioned, there was not a record certifying that the reason for lack of compliance was because they were based on adequate price competition.

So my conclusion on the basis of this is there was about 10 percent compliance with this law which it seems to me is just vital, if you are