

going to have a basis for procurement of this 85 percent of your procurement, which is on a negotiated basis.

Then I asked if this kind of Truth in Negotiations Act would involve a burden on the Department of Defense. My question was:

Would this involve any burden, any big serious burden, on their part?

Mr. STAATS. Not in our opinion.

Chairman PROXMIRE. Is it possible for the Defense Department to determine, especially in view of the lack of competition, is it possible for the Defense Department to determine the real assessment on these contracts without having accurate, up-to-date cost data?

Mr. STAATS. Not on a central basis or a post-audit review. It cannot be done.

Chairman PROXMIRE. They cannot do it?

Mr. STAATS. We could not do it. All we could find out was that the information was not present, that that information had in fact been made available to the contracting officer. (See p. 63.)

Then one other point before I ask you to comment. Mr. Weitzel of the Comptroller General's Office said this:

Even if they are given, Mr. Chairman, no one can come along later and find out what costs were given at the negotiating table, and if you did not have something to measure against then you do not know whether the Government has been overcharged as a result of the failure to furnish the information because you do not know whether it was furnished or was not furnished.

INDICTMENT OF OUR PROCUREMENT PROCESS

This seems to me to be a most serious indictment of our procurement process, and it seems to me that the taxpayers could well expect that we are losing not hundreds of millions but billions of dollars because of the failure of enforcing a law that has been on the books for more than 4 years.

DOD REQUIRED CERTIFICATES BEFORE "TRUTH IN NEGOTIATIONS" ACT

Mr. IGNATIUS. First, Mr. Chairman the Department of Defense by administrative regulation required certificates of this kind before the law was passed.

LAW NOT APPLICABLE TO ALL NEGOTIATED CONTRACTS

Secondly, it does not apply to all negotiated contracts. It applies to those negotiated contracts over \$100,000 where price competition is not present, so I don't believe the 85-percent figure is correct, but it is still a substantial figure. It probably is of the order of 65 percent of our dollars.

Thirdly, we have worked assiduously on this matter.

Chairman PROXMIRE. Just at that point you say it does not apply to all of the areas that are not subject to advertised competitive bidding.

Mr. IGNATIUS. That is correct. It is limited in several ways. It is limited by dollar value, and I believe it is contracts of \$100,000 or over.

Secondly, it is limited to contracts that are noncompetitive, that is to say where competition is not present in the form of —

Chairman PROXMIRE. I don't want to belabor this point, but I think it is important to recognize that where you have competitive negotiations as it is put —