

Mr. IGNATIUS. Yes, sir.

Chairman PROXMIRE. This kind of cost data should be extremely important, even though you don't have a sole source.

COST BREAKDOWNS NOT REQUIRED WHERE ADEQUATE COMPETITION  
IS DEEMED PRESENT

Mr. IGNATIUS. We do not require cost breakdowns in competitive negotiations where adequate competition is deemed to be present.

Chairman PROXMIRE. Well, I think that just from the questioning this morning and yesterday as indicated that competition isn't adequate enough to provide procurement on the basis of reasonable cost absent cost data. Go ahead.

CONTRACTORS MUST CERTIFY AS TO COST AND PRICING INFORMATION

Mr. IGNATIUS. Then the law require contractors to certify that the cost and pricing information that underlies their proposal is based on data that is current, accurate, and complete. They must so certify.

JUDGMENT FACTOR AS TO ADEQUATE COMPETITION

Now we are obtaining those certificates, and we are complying with the law. There are two questions I think that relate more in the area of judgment and these are, one, where does the law apply, that is to say where does adequate competition exist. If adequate price competition exists, it is not necessary to negotiate from cost breakdowns. So there can be a difference of judgment. The GAO has said in this and other reports and comments to us that they have not seen adequate documentation in the contracting officer's file in situations where he believed the law did not apply.

Now, we need to work on this to make sure that——

Chairman PROXMIRE. But what they are also saying is that in this 65 percent area, where you stipulate that there is no competition, that in that area there obviously is a great deal of failure to abide by the law.

Mr. IGNATIUS. Yes.

Chairman PROXMIRE. And to get the kind of cost data which is essential if procurements are going to be at a reasonable cost.

Mr. IGNATIUS. Yes, sir; that is the second point. I said there were two.

Chairman PROXMIRE. Yes.

JUDGMENT FACTOR AS TO ADEQUATE EVIDENCE ON COSTING IN FILES

Mr. IGNATIUS. The first was where does it apply. The second is where it applies, and we do obtain the certificate which we are required to obtain, do we have adequate evidence in the contracting officer's file that in fact data submitted were current, accurate, and complete? Here there can be a difference of judgment and interpretation.

SPECIAL COMMITTEE WORKING ON PROBLEM

We are working probably harder on this point and have in recent months than any point really in the procurement area. We have as-