

very sincere when he argues, and I think he is probably right when he argues that you simply can't know whether or not the cost is reasonable, whether or not the profit is excessive, unless you have the kind of information which has been lacking in a very large proportion of these cases; is that correct?

Mr. IGNATIUS. It is correct that we need to have adequate support for the costs and prices proposed, and the question I think, Mr. Chairman—

Chairman PROXMIRE. And you don't have that.

Mr. IGNATIUS. No, sir, I don't say that. What I say is that we need to have a common understanding as best we can in a situation of this kind as to what constitutes adequate support and documentation.

Chairman PROXMIRE. You think you have it and he thinks you do not have it; is that correct?

Mr. IGNATIUS. Mr. Malloy, who has been closer to this than I have, feels that we have been complying. I have made the statement that there are judgment areas here. We have been obtaining the certificates. I believe that in that sense we have been complying.

The question I think that has been raised is have we in some instances failed to obtain certificates in circumstances where we should have. This as I understand it can be a matter of documentation.

MAJOR ISSUE WITH GAO

Second, the question of documentation both of decisions and of the support behind them, that lies behind the certificate, is the major point at issue with the GAO.

Chairman PROXMIRE. I want to apologize to Congressman Rumsfeld, but I do want to raise this point. Mr. Staats speaking:

165 of these 242 awards we found the agency officials and prime contractors had no records identifying the cost or pricing data submitted, and certified by offerors in support of significant cost estimates.

If this is true, and I am sure the Comptroller General is honest, I don't know how you can possibly accept the argument that you have adequate cost information.

Mr. MALLOY. Mr. Chairman, that statement by the Comptroller General does not mean that we did not have cost or pricing data. I would almost guarantee, and I haven't seen the specifics, that we had the cost and pricing data.

IDENTIFYING COST DATA WITH CERTIFICATE

Chairman PROXMIRE. You have no means of identifying it.

Mr. MALLOY. What he is talking about is the record of identifying this mass of cost data which we had in great volume supporting the certificate. That is a narrow area in which there is some difficulty.

Chairman PROXMIRE. That is a pretty big area where you have this massive amount of cost and you have no records of identifying it so that you can relate it and so that it can be specific and useful.

Mr. MALLOY. We have a great many records, Mr. Chairman, identifying this data. It becomes a question as we try to pick out of this total the things that are most meaningful, whether we do it in the most precise way. It is not an easy chore, and we are working on it.