

this type of audit as much as the General Accounting Office thought they should.

Chairman PROXMIRE. Weren't enough people available to do it?

Mr. MALLOY. Well, I think that they were using their staff for the more current procurement matters rather than for the postaudit review.

Chairman PROXMIRE. Wouldn't it have made sense to expand the staff? Isn't the return immense to the taxpayer? The postauditor, wouldn't he bring in far, far more in relationship to the cost?

Mr. MALLOY. I just don't know how to answer that, Mr. Chairman. There is some potential. What the trade-off is I really don't know. But to get to your point of—

Chairman PROXMIRE. Wouldn't it be rather easy to determine this, based on the auditors that you have?

RETURNS FROM POSTAUDITS

Mr. IGNATIUS. The audit agency believes there would be a good return.

Chairman PROXMIRE. An immense return. The Internal Revenue Service finds in auditing tax returns, that an auditor brings back \$10 for every dollar he costs. Here I estimate it would be many, many times that.

Mr. IGNATIUS. You are correct that in the sense that the Director of the Defense Contract Audit Agency does believe that that would be the case. He has so stated.

Mr. MALLOY. But it is true, Mr. Chairman, that—

Chairman PROXMIRE. But it wasn't done as you say until recently, is that right, Mr. Malloy?

POSTAUDIT PROGRAM INSTITUTED DURING PAST YEAR

Mr. MALLOY. This was a recommendation that we received from the Comptroller General, and the Comptroller of the Department of Defense, Secretary Anthony, considered the General Accounting Office recommendations, felt that it had merit, and instituted the program during the past year.

Chairman PROXMIRE. During the past year. Now even on this new program there was testimony that the Defense Department's new program still contains a large loophole, and that is the access to the contractor's records. That issue apparently hasn't been resolved. The GAO has access to the contractor's records on the basis of the law, but the question of whether or not the Defense Department as I understand it, has access of that kind has not been resolved.

Mr. MALLOY. Mr. Chairman, that particular issue relates to the matter that Secretary Ignatius was talking about earlier. It only relates to the fixed-price area, and it only relates to access to records of the cost of performance of the contract.

We have full access to records on all types of contracts except fixed-price contracts, and we have full access to records even on a post-award basis to all of the data submitted by contractors and used in the negotiation of the contract.