

like cost estimating systems. The reports of your auditors on this subject have been strangled by redtape over the years. How much longer will it take before this issue is resolved?

Mr. MALLOY. Mr. Chairman, the question of cost estimating, formal cost estimating systems was addressed by the Comptroller General in a report to us during the past year. I might say that we have been concerned with estimating systems for years. Essentially we are concerned with the proper estimate, and to the extent that a formalized estimating system can contribute to a good estimate, we think that this is advantageous, and we have always been of that mind.

The Comptroller General has suggested during the past year that we ought to require more formalized estimating systems on the part of contractors.

DOD AND GAO IN GENERAL AGREEMENT

As a matter of fact, we agree with the Comptroller General in this regard, and we are now putting more emphasis on this, and our auditors, who have the primary responsibility of reviewing contractor estimating systems, have adopted a comprehensive system of surveying contractor estimating systems.

We are supporting this effort with our own people, and this is an extension of a program that we have had, but the new dimension that has been added by the Comptroller General is a renewed emphasis on the formalities of estimating systems, and to the extent that we don't get too formal, we will make some good progress here.

Chairman PROXMIRE. Then as I understand it, the new system that you have doesn't meet all the GAO recommendations. In what respects does it fall short?

Mr. MALLOY. I believe that our new system does meet the GAO recommendations. I am not aware that we are at cross purposes with them on this point.

Chairman PROXMIRE. As far as you know it meets all the GAO recommendations, or most?

Mr. MALLOY. Yes, the recommendations that we have made—as a matter of fact, the General Accounting Office, I believe, in their report on estimating systems pointed out one of the things that we did in issuing directions to all of our contracting officers, to tell them to get solidly behind this program that our auditors were launching. So I believe that the General Accounting Office and ourselves are not at odds on this point.

SECRETARY McNAMARA ON "TRUTH IN NEGOTIATIONS"

Chairman PROXMIRE. Mr. Ignatius, 3 years ago Mr. McNamara issued a memorandum signed by him personally as I understand it which said in effect the findings by GAO did not relieve the Defense Department of the responsibility of making such findings on its own issues. In other words, Mr. McNamara made it plain it was the Department's responsibility, not GAO's, to enforce the Truth in Negotiations Act.

He also laid down some ground rules for his auditors and other departmental personnel spelling out their jurisdictions and directing them to cooperate with one another. Why is it that 3 years after Mr. McNamara supposedly settled these issues, the issues are still alive?