

Mr. IGNATIUS. I don't know that I can add to what Mr. Malloy has said or what I said earlier with respect to that particular action. We have gone into it in some detail with you. We are working cooperatively with the GAO on it.

There remains some differences which I am hopeful we will be able to resolve in the near future. I certainly agree and subscribe to what the Secretary has said.

We are responsible for the conduct of our assignments here. He has strengthened our own audit functions in many ways, through the establishment of the Defense Contract Audit Agency and other measures, working with the official to whom he looks for audit, the Assistant Secretary of Defense, Comptroller.

LACK OF COMPETITION IN PROCUREMENT REQUIRES POSTAUDIT

Chairman PROXMIRE. What concerns me overall is that, No. 1, we have a very limited amount of advertised competitive bidding. We have, we are still having a limited amount by your definition, less than half of our procurement of any kind of competitive bidding by any stretch of the imagination.

The Congress passed a law, the Truth in Negotiations Act, which in my judgment lacks full compliance or anything like full compliance. The only remaining safeguard is a postaudit, and it seems on the basis of the response we got this morning that there is a very substantial area for improvement here.

So as we look at the overall procurement process, it seems that there is a vast area in which there may very well be a substantial loss to the taxpayer, and a substantial additional expense, and this concerns me a great deal.

DECISION PENDING ON POSTAUDIT OF FIXED-PRICE CONTRACTS

Mr. IGNATIUS. Mr. Chairman, we have it before us, immediately before us, the question of postaudit of fixed-price contracts. We have not as yet reached a decision on it, but we will in the near future.

STAFF LIMITATIONS NOT A QUALITY FACTOR

Chairman PROXMIRE. Do you have any limitations on staff in these areas?

Mr. IGNATIUS. I would say that the answer is yes and no. I suppose that any person in Government or in business or any organized endeavor has some limitations on staff, and I think desirably so.

On the other hand, I don't believe that there is a limitation where we can demonstrate that we can improve the quality of our performance, if we have additional staff.

VALUE ENGINEERING

An example of that would be in the value engineering area, where we are achieving significant savings. The Secretary authorized an additional 265 people in the value engineering area on the basis of a study that demonstrated that these people could save substantially more than the cost of adding them to our rolls, by virtue of the efforts