

Primary reliance was placed on such comparisons as a means of evaluating the reasonableness of prices.

We have been informed by the Department of Defense that the agencies now recognize that the law does apply to construction contracts and concur in the necessity of obtaining cost or pricing data where appropriate.

GSA CONSTRUCTION CONTRACTS

In a review of a number of construction contracts administered by the Public Buildings Service, General Services Administration, we noted some instances where cost or pricing data was not being obtained for individual contract modifications exceeding \$100,000 in amount as required by the Federal procurement regulations. Further, the contracts did not include the prescribed defective pricing data clause. Failure to find fulfillment of these requirements in the contracts we reviewed, we sent a letter in July, 1967, to the Commissioner, Public Buildings Service, and requested his comments concerning this matter.

We have since received assurances from the Commissioner that General Services Administration internal procurement regulations would be revised to require appropriate clauses to be inserted in various types of construction contracts.

TRAINING OF PROCUREMENT PERSONNEL

Officials of both DOD and GAO recognize that changes in regulations, in themselves, will not be effective unless agency procurement personnel receive additional training in implementing the regulations. To this end, we have worked with the Department of Defense and have mutually agreed on material to be used in training programs for Defense procurement personnel illustrating adequate compliance with Defense regulations implementing Public Law 87-653. In this connection, a training film has been produced by DOD and shown to numerous Defense personnel. I understand that this is also now being shown to some of the contractor personnel to enable them to learn more about the effective operation of this law.

Also, a sample case, illustrating adequate compliance, has been published in a Defense procurement circular for the information and guidance of all procurement and contractor personnel involved in price negotiations.

In addition, DOD procurement teams are currently reviewing practices of procurement officials to ascertain whether these regulations are understood, are complied with, or need further clarification.

MATTERS FOR FURTHER CONSIDERATION

Certain other matters remain open and require additional consideration before final decisions are made.

These matters involve:

1. Defense criteria for making determinations that price competition, adequate to assure a reasonable price, exists for complex military work, where the work cannot be clearly defined.
2. Additional guidance to contracting officials on obtaining and verifying information to support exemptions from the requirement to