

by the early part of next year we will have completed our tests of the work performed by the military services, reviewed the actions that they have taken or plan to take, and be in a position to reach a conclusion as to what further actions are appropriate.

In addition, we intend to apply our resources to overall reviews of purchasing systems for small purchases. These reviews will include (a) size and frequency of buys, (b) automation of procedures, (c) paperwork routines, and (d) their effect on administrative leadtime and each other.

I should add here, Mr. Chairman, that we contemplate a report to the Congress on the subject of small purchases early in the year, we hope by February or March. This is an important area.

SMALL PURCHASES 90 PERCENT OF ACTIONS, VALUE \$4 BILLION

In terms of transactions, the bulk of transactions are in the small purchase area. In terms of total amounts if you consider actions of \$10,000 and under as small purchases, it amounts to something over \$4 billion of our total procurement bill. In terms of numbers of procurement actions, it is more nearly 90 percent.

Mr. NEWMAN. About 11 million transactions.

Mr. STAATS. So this is a very important area, and we plan to be reporting to the Congress on the subject in February or March.

Chairman PROXMIRE. Mr. Staats, I want to thank you for your usual very, very competent report, and I want to say once again, thank heavens for your GAO and for the fine leadership you and your outstandingly able staff have been giving in this area.

I hate to think of the kinds of situations we would have without you. We certainly need you and we are very grateful for the work you are doing, and have done. Our questioning, of course, sometimes is critical. I am sure you understand that. Questioning has to be, often, but I am sure all members agree that we have great confidence in you, and we are grateful for the job you are doing.

INCREASE IN NEGOTIATED PROCUREMENT

Now, I would like to ask about the procurement area which you sketched out so well at the beginning. You pointed out that a very large proportion of all our procurement is not by competitive bidding, but by negotiation, and the staff has told me that that area of procurement, Government buying, has gone up 1 percent; in other words, from about 84—nearly 85 percent—to over 86 percent in the last year.

INCREASE IN AWARDS TO 100 LARGEST FIRMS

They also tell me that the share of procurement of the 100 largest firms has also increased.⁵ That has increased 1.7 percent, I understand.

So, obviously, it is even more important than it has been in the past for us to make sure that the Truth in Negotiation Act, for example, and other regulations are enforced so that this procurement can be as efficient as possible.

⁵ See app. 7, p. 535.