

ACCESS TO CONTRACTORS' RECORDS

In this respect, I notice that you say on page 3 that the Secretary of Defense has issued, the Deputy Secretary has issued, a memorandum granting access to contractors' records of performance, and you feel that this makes it unnecessary for the Minshall bill, or the Proxmire bill to be enacted, because this complies with the intent of our proposals. (See Congressman Minshall's statement, p. 244.)

Now, I would like to ask in this connection, have these new regulations been finally adopted?

Mr. STAATS. No.

Chairman PROXMIRE. This is just a memorandum. It doesn't have much force.

Mr. STAATS. This is a memorandum, and the memorandum has been incorporated in a draft of an armed services procurement regulation which is now out to the industry for comment.

Chairman PROXMIRE. What is the timing on this kind of thing?

Mr. BAILEY. The last information I had was they expected comments, I think, the end of this month.

Chairman PROXMIRE. And then what happens?

Mr. BAILEY. Then the Defense procurement circular will probably go to the printer. It would have to be printed and sent out to all of the buying officers of the Department of Defense for implementation.

Chairman PROXMIRE. When do you expect that this will become effective?

Mr. BAILEY. Well, it is rather hard for us to give an estimate, Mr. Chairman.

Chairman PROXMIRE. On the basis of past experience, and so forth, what would be a reasonable time—a year?

Mr. NEWMAN. Mr. Chairman, this is a highly controversial item.

Chairman PROXMIRE. Six months?

Mr. NEWMAN. I would not want to estimate anything under 6 months.

Mr. STAATS. I believe that Mr. Morris will probably be in a better position to give you definite information. (See p. 162.)

Chairman PROXMIRE. It is hard for this Senator to understand why it is controversial. It seems logical that DOD should have access to the contractors' records.

Without this, in view of the fact that the bidding isn't competitive, on the basis of advertised competition, there is no way that DOD could be sure that the procurement is at a reasonable cost and that the procurement doesn't result in excessive profit.

DOD'S PRESENT POSITION ON ACCESS TO RECORDS

Mr. STAATS. Mr. Chairman, as you know, the Department of Defense did not fully agree with the conclusions we made in our report, and which we reported on at our May hearing.

Chairman PROXMIRE. I understand; but they did issue this memorandum indicating that they did agree in general with the thrust of what you were trying to get at.

Mr. STAATS. I think that even though they disagreed in part, they have now—we give them great credit—moved forward in a very