

say, they have access to cost and pricing data. They have conducted actually several thousand audits of cost or pricing data of contractors.

The burden of our report was that there was insufficient identification so that the contracting officer or an auditor attempting to determine how much the Government might be overcharged by reason of failure to furnish proper cost and pricing data would be able to determine what actually was before the contracting officer at the negotiating table, and this ability is impeded by not having an adequate record.

So what the Defense ASPR regulation amendment proposes to do is to make it certain that there will be an identification, a description of the documentation which is actually furnished by the contractor, and which the contracting officer and all others concerned in the Government can put their fingers on later, in attempting to apply the cost-reduction part of the clause in the certificate which is furnished pursuant to Public Law 87-653.

Chairman PROXMIRE. Has this June proposal been adopted?

Mr. WEITZEL. It has been issued, but I cannot say it has been actually adopted yet.

Mr. BAILEY. I understand that Circular 57 is the one that is at the printers and should be issued this week.

Chairman PROXMIRE. And this is in line with the GAO recommendations?

Mr. BAILEY. This covers the area that Mr. Weitzel has been talking about.

Representative CURTIS. Would the chairman yield for a question?

Chairman PROXMIRE. Yes; I will be happy to yield.

Representative CURTIS. When you used the words, "contracting officer"; did you mean the contracting officer or the procurement officer?

Mr. WEITZEL. It would be the contract price analysts of the Defense Department, the Defense contract audit agency people, the procurement contract officer that signs the contract, and the administrative contracting officer that administers the contract, all of the people in the Defense Department, plus the GAO auditors, would have a fix on what information was before the contracting officer when the contract was negotiated. This is the purpose of these amendments.

Representative CURTIS. The original negotiating, then, when you used the phrase, "contracting officer," you meant the original—

Mr. WEITZEL. The procurement contracting officer.

POOR INVENTORY CONTROLS

Chairman PROXMIRE. Now, I would like to ask about what shocked me very much last time, and continues to shock me, and that is the very poor record of the armed services on inventory control. I notice that you have a report here on it, and to refer once again to what Secretary Forrestal said, without the facts, inventory just can't be managed.

We all know that commercial firms that are able to succeed and profit do take inventories and do take them regularly, and consider them necessary and desirable. If you don't know what you have, it is hard to manage your procurement, and you can have enormous waste.

Your record shows that for the overall data period, February 1965 to June 1966, admittedly, this is a little out of date now, it is 18 months old, but I guess it is the best we have, submitted for 20 Army