

"Certified Cost or Pricing Data and P.L. 87-653"

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Public Law 87-653 and the submission and certification of cost or pricing data for non-competitive price proposals is important to all of us involved in procurement.

First, I doubt that there are many other areas in procurement that have commanded our attention more than negotiating on the basis of cost or pricing data. This is an area where we have received public criticism of our implementation - or alleged lack of implementation - of Public Law 87-653, the so-called "Truth in Negotiations" Act. Here are a few examples from the Congress and the press. I quote from the Congressional Record.

" . . . The Pentagon's lax administration of the Truth in Negotiations Act. . . is costing the taxpayers billions of dollars in overcharges on Defense Contracts."

"Public Law 87-653. . . is the taxpayer's only defense against the establishment of unreasonably high cost levels in negotiated contracts."

" . . . A failure to enforce the 1962 Truth-in-Negotiations Act. . . resulting in taxpayers being overcharged millions and millions of dollars. The exact amount has not. . . and no doubt cannot. . . be measured."

"The Comptroller General has reported. . . there has been overpricing of more than \$130 million during a 10-year period."

Now from the press:

"Defense Officials disagree with GAO regarding DOD implementation of Public Law 87-653."

"DOD to issue ASPR Revision clarifying requirements for submission and certification of cost or pricing data."

The \$130 million reported by GAO is a substantial sum of money and we must - and we are - taking every action possible to eliminate any opportunity for defective pricing. I want to dispel any misunderstanding between our