

desirable that ASPR be amended to provide that, where a prime contractor or any subcontractor is required to submit or identify, in writing, the cost or pricing data used by him in establishing the estimates, an authoritative record by the offeror be retained in the buyer's record of the negotiations.

Furthermore, many of the subcontracts that were awarded without submission of adequate cost or pricing data either were reviewed and approved by the administrative contracting officer prior to the award or were not required to be reviewed and approved since they were awarded by a contractor whose purchasing system had been previously approved by the contracting officer. We believe that this illustrates a need for a more extensive review by administrative contracting officers in order to ascertain whether the prime contractor is complying with the cost or pricing data requirements of ASPR.

We believe that a major step toward compliance with these cost or pricing data requirements could be achieved if the use of the new DD Form 633, Contract Pricing Proposal, and compliance with the instructions thereon by prime contractors and subcontractors were strictly enforced.

In addition, our review showed that the ASPR did not provide for contracting officer review and approval of subcontracts awarded under firm fixed-price prime contracts or second-tier subcontracts. We believe that, since the law requires that certified cost or pricing data be obtained from these subcontractors, some review of these awards should be made to determine whether prime contractors and subcontractors are complying with these requirements, and if not, what steps should be taken to obtain such compliance.

Also, our review showed that agency contracting officers and prime contractors did not sufficiently document their records to clearly explain why cost or pricing data were not obtained and explain the basis for determining that the negotiated prime contract or subcontract price resulted from or was based on adequate price competition or on established catalog or market prices of commercial items sold in substantial quantities to the general public. We believe that the requirement for documentation should be strictly enforced so that the record will clearly show the basis for the determination that cost or pricing data are not required and that such basis is consistent with prescribed Department of Defense policy.