The third item involved an entry on the bill of materials of a major part which had been replaced and which should have been deleted from the bill. Even the company had not been aware that this part was not needed; the part had been ordered and received, had no scrap value and could not be returned. While the company had not earned any "excessive profits" as a consequence of this error, the facts were that the error had cost the Government $116,500 plus G&A and profit--a total of $137,000.

The fourth item was a clerical error in transcribing the cost of packaging materials. This error was only $6,250 in total amount and represented less than 2/10th of 1 percent of the total contract price. The auditor suggested that this amount could hardly be called a "significant sum," but that it might warrant consideration in view of all the other items he had uncovered.

PROBLEM

Is defective pricing indicated?