

in contract negotiation files, the Defense Department, in June, proposed new regulations in accord with GAO recommendations. I am not talking about the Nitze statement about postaudit.

Industry was given an opportunity to comment. We understand that the new regulations are about to be promulgated in their final form, and I would like to know when this will be.

NEW REGULATIONS READY FOR RELEASE

Mr. MORRIS. Sir, we have them with us this morning. They are just off the printing press. They are dated the 30th of November. They will be effective upon receipt by the action authorities.

Chairman PROXMIRE. When you say upon receipt, what does that mean?

Mr. MORRIS. As soon as received through the mail, sir.

Chairman PROXMIRE. Give me an estimate of that.

Mr. MORRIS. I would think within a week of release.

Chairman PROXMIRE. Have they been released?

Mr. MORRIS. The release will start within a day or two. They were dated for release on the 30th of November, sir.

Chairman PROXMIRE. In early December they will be effective?

Mr. MORRIS. Yes, sir.

Chairman PROXMIRE. Now, what this means is there must be complete documentation in compliance with the Truth in Negotiations Act, which means that the contractors have to keep records showing their costs as current, comprehensive, and accurate; is that correct?

INTERPRETATION OF NEW REGULATIONS

Mr. MORRIS. It means, sir, as required by the law and our regulations, that they must submit and fully identify and disclose to us, and then certify as to the accuracy of those submissions and disclosures. They certify to the data upon which their cost and price estimates were developed in connection with the procurement.

Chairman PROXMIRE. And how comprehensive is this? What does this apply to?

Mr. MORRIS. I would like to ask Mr. Malloy, who is our expert in this field, to discuss this with you, Mr. Chairman.

APPLY TO NEGOTIATED CONTRACTS OVER \$100,000

Mr. MALLOY. Mr. Chairman, these regulations have the same impact as the provisions in the law, and they apply to all negotiated contracts over \$100,000.

Chairman PROXMIRE. By negotiated contracts, are you talking about competitive negotiated contracts, too?

NOT APPLICABLE TO COMPETITIVE NEGOTIATED CONTRACTS

Mr. MALLOY. The law has an exemption for competitive negotiated contracts with respect to the application of Public Law 87-653. In other words, in a competitive contract, where there was adequate price competition, Public Law 87-653 does not apply.