

Mr. MORRIS. Follow-on, after price or design competition. That would be noncompetitive.

Chairman PROXMIRE. Classified as noncompetitive.

Mr. MORRIS. Right. About 18 to 20 percent of our procurements each year are in that classification.

42.9 PERCENT PRICE COMPETITIVE BUYING

Chairman PROXMIRE. All right. Now, in the area—more than 50 percent of your procurement is now so-called competitive negotiated or advertised competition—something like 58 percent now, or 56 percent.

Mr. MORRIS. As indicated in our statement, sir, under the rules that we use for reporting true price competition, 42.9 percent of our procurement last year were price competitive.

Chairman PROXMIRE. So, 57.1 is not price competitive, even on the basis of so-called negotiations.

Mr. MORRIS. That is correct.

NEED FOR RELIANCE ON COST RECORDS

Chairman PROXMIRE. Here, of course, there is enormous reliance on the cost records of the contractor. This is essential to determine the fair price.

Mr. MORRIS. That is correct.

Chairman PROXMIRE. And, under these circumstances, as you say, you will have to comply with—the contractor will have to comply with the Truth in Negotiations Act, and have to provide full, complete, comprehensive records, beginning 10 days or so from now.

Mr. MORRIS. That is correct, sir.

NITZE ORDER TO BE INCORPORATED INTO ASPR

Chairman PROXMIRE. Now, in addition to that, Deputy Secretary Nitze issued a memorandum in September, ordering a program of post-award audits, on noncompetitive, firm, fixed price contracts.

We understand this is about to be formally incorporated into the armed services procurement regulations. And you, as I understand in your statement that this would be effective upon receipt. Does that mean that this is going to go into effect at about the same time?

Mr. MORRIS. Concurrently, sir. This one document contains all provisions. (See p. 162.)

Chairman PROXMIRE. This means, then, that the Comptroller General, as well as the auditing staff of the—of your office, will have access to these records?

Mr. MORRIS. The Comptroller General always has had, sir, by law. We have not by regulation. We now, by Mr. Nitze's decision, will have the access as a matter of contract right. That is, we will negotiate this right in each contract.

ORDER APPLIES TO SUBCONTRACTS

Chairman PROXMIRE. Does this extend to subcontracts, or—this Nitze order—or is it only confined to prime contracts?