

I shall do all that I can to work vigorously for enactment of this legislation and I hope that I shall do so with the support of the members of this great committee.

There has been, as this committee knows, some positive action taken by the Pentagon in this area. Secretary Nitze, on September 29, issued a memorandum to all military departments announcing that new auditing procedures would be adopted by the Department of Defense. (See p. 409.)

On October 26 I asked the Comptroller General to give me his written opinion of the new Defense regulations. Mr. Staats' reply to me, dated November 3, stated that the regulations being promulgated by DOD substantially accomplish the purpose of the Proxmire-Minshall bills. His letter carried the assurance that GAO would keep a close eye on the manner in which the regulations were carried out.

The Comptroller General did point out, however, that Secretary Nitze's memorandum—and I quote—"is silent on the matter of the agency's right of access to subcontractors' performance records which was specifically provided for in your bill." This, in my opinion, is a serious oversight.

Chairman Mendel Rivers of the House Committee on Armed Services apparently shared my concern. He requested a report from the Defense Department on H.R. 10573. The reply Chairman Rivers received, dated November 6, from the General Counsel of DOD indicated that the Pentagon feels its new contract procurement regulations would substantially fulfill the objectives of H.R. 10573 and that the legislation therefore would not be necessary.

It is important to point out, however, that the November 9 letter from the General Counsel did add that the Defense Department "interposes no objection to its enactment."

Ever since the Truth in Negotiations Act became law, there has been a running debate in the Pentagon as to whether further clarifying legislation was necessary. It seems to me that enactment of the Proxmire-Minshall measure would put an end to that debate for all time.

With your many years' experience in the Congress, and particularly as members of this committee, I do not need to tell you that any governmental regulation is a transient thing at best.

After 13 years in Congress and 9 years as a member of the Department of Defense Appropriations Subcommittee, it has been my observation that regulations not only are subject to oversight and misinterpretation, they also are open to change without notice. They are particularly vulnerable in the advent of a new Secretary of Defense or with any change in administration.

There is great unanimity of agreement that strict postaudit checks on contractor and subcontractor financial records are needed. The GAO has urged this for years and has said that the proposed legislation has much merit. The Department of Defense has admitted the necessity for more strict controls by issuing regulations which conform to much of the language in the bill, and has indicated that it has no intention of opposing its enactment into law. The House Committee on Armed Services is prepared to give the bill a hearing.

I hope and trust that this committee will add its powerful voice to urge enactment of the Proxmire-Minshall legislation.