

Chairman PROXMIRE. We say that was enacted in 1962, the Truth in Negotiations Act.

On the basis of your subsequent reports since 1962, it was clear that it was honored more in the breach than in the observance. It wasn't followed up at all on the basis of very, very comprehensive reports that you made to us, the real indictment, until very recently. As far as we know, it is still not being enforced.

Mr. STAATS. They, of course, as you know, disagree in some respects with the conclusions we reached in that report. But, nevertheless, as we testified here at our previous hearing, they have taken a series of actions which respond to the points we made in our report and which, if carried through, we feel—

Chairman PROXMIRE. But in the 5 years from 1962 to 1967, that law was not enforced vigorously and you have replete examples of how the contractors didn't provide the records. You showed, I thought, a devastating case in this respect.

Mr. STAATS. We do feel this is a very significant report. I believe some 2 years was required to develop a more comprehensive regulation. Our work was initiated in 1965 and involved contracts signed after the revised, more comprehensive regulation was issued.

POSITION OF DOD IN MAY 1967

Chairman PROXMIRE. Did they—the Department of Defense—favor the enforcement, more vigorous enforcement, in our hearings of May 1967?

Mr. WEITZEL. Mr. Chairman, if you will recall, the Defense Department testified in May 1967, that in its opinion it was enforcing the Truth in Negotiations Act. The differences in opinion related to the area of the identification of documentation or the requirement for written documentation in support of the cost or pricing information so that the contracting officers and the other Government representatives would be able to know what was relied upon by the Government in making the contract.

We stated in your hearings in May that there hadn't been full compliance with the Truth in Negotiations Act. The basic purpose of that law was to give the Government negotiators a better basis for pricing a contract.

Chairman PROXMIRE. Not only that, but you had examples where in 90 percent of the cases there hadn't been full compliance with the Truth in Negotiations Act.

Mr. WEITZEL. I think we need to clarify what is meant by the question of compliance with the act.

Chairman PROXMIRE. There wasn't full compliance in those cases.

Mr. WEITZEL. The act, itself, requires the furnishing of cost or pricing data, the submission of cost or pricing data. On this, the Defense Department testified that they were complying with the act.

The act also requires a certification by the contractor that the cost or pricing information that he has submitted is the most accurate, current and complete, available up to a certain date, which is supposed to be as close to the date of negotiation as possible.

The Defense Department testified that it was also requiring that certification.