

We took two samples, one at the time we were getting the most publicity about our small purchase, which indicated the statistical likelihood that we might have made a bad purchase.

Later, after we had taken these steps, we took another sample, and found that we had improved in the process, because of these actions we had taken. The improvement was an order of magnitude. At the first sample we took, we found that the odds were 93.5 percent that our buys, small buys, were reasonably priced.

The next sample we took we found that the odds were that 97.5 to 99.2 percent of the time our buys were reasonably priced, and we will continue to emphasize this area, primarily through the training of people.

Mr. ROBACK. Do you have any way of making computer checks on unreasonable prices?

Admiral HADDOCK. We do this after the fact, and we have for some time, but the horse is already out of the barn by the time that you find that this contractor has been overpricing by comparison with—

Mr. ROBACK. There has been some interest in legislation or ASPR changes with regard to most favored customer pricing. Is there any development there?

Admiral HADDOCK. This is one other requirement we have. Where we have no other means of assuring that we get a good price, we require the contractor to warrant to us that we are getting as good or better a price as any other of his customers. There are variations on this warranty, but we do require it.

Mr. ROBACK. It is required only selectively in contracts?

Admiral HADDOCK. Well, if we have competition or for other reasons we can assume that we are getting a good price, then we do not require it. But if it is a sole-source buy, and we have no earlier price history, we will require this warranty.

TRUTH-IN-NEGOTIATIONS ACT

Mr. ROBACK. What is the DSA doing in improving the truth-in-negotiations certification and verification process?

Admiral HADDOCK. I cannot really speak on that. We are complying with or are involved with OSD in developing actions, and we are complying with OSD policies and procedures on the subject.

Mr. ROBACK. Various recommendations growing out of General Accounting Office reports?

Admiral HADDOCK. Yes, sir.

Mr. ROBACK. Do you have a special activity going here? You might submit a statement on that.

Admiral HADDOCK. All right, sir.

I do know that we have sent teams around to train our procurement and contract administration people on the requirements of the Truth-in-Negotiations Act, but that is as far as I can go on it.

(The information requested follows:)

DSA is aggressively pursuing compliance with Public Law 87-653, truth in negotiation.

Procurement personnel have been counseled on revisions to ASPR which provide for access to contractor records on cost performance of noncompetitive fixed-price contracts; for more precise statements on requirements for cost or pricing data; and the need for careful evaluation of contract pricing proposals—DD Form 633.