Mr. TASSIN. They had some difficulties getting access to certain records.

Mr. ROBACK. Don't try to anticipate what I have in my file. Just answer the question.

Mr. TASSIN. I said certain records——

Mr. ROBACK. You can't read it at this distance.

Are you familiar with the difficulty that the Navy auditors have had getting information from Chromcraft?

Mr. TASSIN. I am not personally familiar with the audit people having difficulty getting cost information from Chromcraft in recent years, sir.

Mr. ROBACK. Let us take a sample of such as we have.

This is advisory report on initial pricing in BUWEPS. This, I take it, was the auditor. Dated June 11, 1965. Among the comments made: "Actual contract costs cannot be obtained from the contractor's accounting records."

Mr. SHILLITO. I think we have been rather unhappy with the contractors' accounting records, I am sure.

Mr. ROBACK. You are familiar with the problem?

Mr. SHILLITO. By the way, for what it is worth, Mr. Roback, I had the LAU-68/A in my office for a week, and I wouldn't say that I did a value analysis job on it, but for $265, it is a lot of launcher, I will tell you, and it is quite a product for $265.

But again, this does not tell us what the price would have been with competition. I realize that.

AUDIT ACCESS

Mr. ROBACK. We are not making assumptions. A good launcher could be overpriced conceivably, and if one contractor has the opportunity to do the production on many contracts over a long period for all the services, there is lots of opportunity, and so in the sole source, the Navy auditors—any auditor—gets sensitive.

Mr. SHILLITO. Certainly.

Mr. ROBACK. I was just making the point that we have information which shows not only did the Navy auditors express concern and dissatisfaction, particularly in getting some information from the prime, the relationships and the quotations that the prime received from his vendors, but the General Accounting Office has also had some trouble getting access. And in fact, they wrote a letter in August 1966 in which they suggested the Navy auditor look over all these contracts. I think the letter was written to Admiral Shinn. And there was a reply, an acknowledgment about a month later, as I recall, and the thing dragged on for a while and by the half year that passed, by that time the Department of Justice was in the act. So the Navy felt that maybe their auditors didn't have to do any more.

Are you having audit access now?

Mr. SHILLITO. To my knowledge we are.

Mr. TASSIN. To my knowledge we are having audit access.

Are you having any problems with audit access?

Mr. ERHARDT. The only problem I recall in the past was in being able to identify the scrap material. His accounting system was not susceptible of ascertaining the true amount.