times to discuss this with Chromcraft people. Finally on August 15, 1960, we decided to issue a letter to Admiral Shinn calling these matters to his attention, to see if he could not get some direct answer. September 13, 1966, Navy Air Systems Command advised that the report would be answered as soon as an audit by Navy was made.

September 21, 1966, the DCA auditors called to make an appointment to look at our workpapers as a result of our report that went to Admiral Shinn.

September 27, 1966, DCA came to our office and examined our workpapers, made certain extractions.

December 20, 1966, we wrote Naval Air Systems Command for a reply to our August 15, 1966, report.

January 9, 1967, Naval Air Systems Command advised we would receive answer by February 9, 1967. On February 9, 1967, Navy Air Systems Command advised that on February 2, 1967, the Department of Justice had notified Navy of an investigation of Chromcraft and a subcontractor. They had advised us that a reply to our August 15, 1966, report was deferred pending advice from the Department of Justice.

Now, beyond that do you want me to go on with the contact with the department or the Naval Air Systems Command?

Mr. Roback. What is the commentary on that? You mean about the chronology?

Mr. Ogolin. Yes, it is in the chronology. Do you want me to go on with that?

Mr. Roback. No, submit the remainder of that for the record, Mr. Ogolin. In fact, the whole paper.

(The information referred to follows:)

Statement by Earl J. Ogolin, Audit Manager, GAO, Kansas City Regional Office, St. Louis Suboffice, Concerning GAO Work at Chromcraft Corp.

Our objective in performing work at Chromcraft beginning in June 1965 was to ascertain whether prices paid by the Navy for rocket launchers appeared to be fair and reasonable and whether the contracts between the Navy and Chromcraft were effectively managed. This was done as a part of our responsibility under Public Law 87–653.

We compared the contractor's proposals for six contracts with prices recommended by the service auditors and with those ultimately accepted by the contract negotiators.

We then selected high dollar value material costs to compare the prices proposed with the contractor's recorded costs or quotes. We did this to ascertain whether the most current known data was used by the contractor in preparing its proposals, as required by Public Law 87–653.

Our tests indicated that Chromcraft had not requested cost and pricing data in support of various quotations from sole sources and used in its proposals. Also, Chromcraft consistently did not include cost and pricing data clauses in its subcontracts as required by terms of its contract with the Navy and as set forth in the ASPR. Further, we were unable to ascertain from Chromcraft's records whether or not the most recent subcontract price reductions had been considered during negotiations.

Moreover, Chromcraft did not fulfill one of its contractual obligations since it did not include in a number of its subcontracts the examination of records clause required by both the prime contract and ASPR 7–104.15.

We found also, that one item of the launcher assembly was shipped direct from the subcontract vendor to military installations under GBL's while Chromcraft included such costs in its proposals and they were accepted by the Navy.

We recommended that the Navy make a thorough review of Navy contracting at Chromcraft. We suggested this review be directed at assuring that mandatory