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Congressman Charles W. Whalen, Jr.'s amendment to the Truth in Negotiations Act was approved today by the House Armed Services committee.

The legislation provides authority for the Defense Department to examine cost records and documents relating to the performance of negotiated contracts of $100,000 or more.

Congressman Porter Hardy, Jr. (D-Va), chairman of the committee's Special Investigations subcommittee which heard the bill, recommended passage by the full committee.

In a statement to the full committee, Hardy said that "weaknesses in the negotiation process, as conducted over the past several years, have led to mistakes, misunderstandings and half-truths (and, in some cases, various shades of fraud) in the establishment of prices to the government."

He described the bill introduced by Whalen and Congressman William Minshall (R-Ohio) as "a desirable course of action to achieve the correction needed."

The subcommittee urged one minor change in the bill, to which the full committee agreed and with which Whalen concurred.

The amendment adds a phrase to one paragraph in the measure (underlined below) which now reads as follows:

"For the purpose of evaluating the accuracy, completeness and currency of cost or pricing data required to be submitted by this
subsection, any authorized representative of the head of the agency, who is an employee of the United States Government, shall have the right, until the expiration of three years after final payment under the contract or subcontract, to examine all books, records, documents, and other data of the contractor or subcontractor related to the negotiation, pricing or performance of the contract or subcontract."

Whalen said the addition "gives added emphasis to the intent that a contractor's proprietary information not be provided to other than authorized government personnel and appropriate Congressional committees."

He said this was a valid concern raised during subcommittee hearings on the bill.

Whalen introduced the measure last year following his own investigation into confidential Government Accounting Office audit reports on defense contracts.

His research determined that substantial overcharges were being incurred because of a deficiency in the Truth in Negotiations Act.

The Defense Department, although it had been apprised repeatedly by GAO of the deficiency, made no change in its regulations until after the Whalen and Minshall bills were introduced.

Whalen, however, said the change still needed to become law since executive department regulations are subject to relatively simple changes merely by administrative order.

The bill now must pass the full House and Senate.

The bill approved by the committee today bears the number of Minshall's measure although the two Ohio Congressman's bills were identical.

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