

**SECRET**

**DPD-3115-59**  
**8 May 1959**

**MEMORANDUM FOR** : Deputy Director (Plans)  
**THROUGH** : Acting Chief, DPD-DD/P  
**SUBJECT** : Weekly Contract Report No. 11

*16.00 Skay 59*

1. Pursuant to your request, attached is Report No. 11 covering contract documents issued during the period 2 May through 8 May 1959.

2. The following items have been contributed by Division personnel which are expected to have an effect on the projection report:

a. **CEALICE**

(1) A Program Approval for the Granger Black Box, bringing the total to \$113,000, has been forwarded for your signature.

b. **GUSTO**

(1) Hargardt has been advised that in anticipation of a delayed decision that for planning purposes they may use the figure of \$2,150,000 through 30 June 1959. This amount is within firm and unfirm dollars for the Contractor and is included in the projection report.

(11) **CONVAIR** estimates through 30 June will be received by next week.

c. **CORONA**

(1) Lockheed has requested approval of a camera study for the 1960 program in the amount of \$50,000. This, of course, is not included within the projection report.

(11) An audit review of the General Electric sub-contractor was initiated to determine whether the contractor had established satisfactory procedures to preclude future overruns. The audit report reached the following conclusions: "We believe that the contractor has developed adequate procedures to facilitate continual and timely comparisons of actual expenditures with budgeted expenditures and to determine the

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areas of variance. Nevertheless, available data indicates that combined expenditures for the two purchase orders (Black and White) through 19 April 1959 are proceeding at a rate slightly above that contemplated in the revised February estimate. Consequently, extreme economies will have to be effected during the remaining portion of the contract to enable completion within the estimated funds." As of 19 April 1959, the Contractor met about during the balance of the contract approximately \$60,000 to prevent overrunning. The Contractor believes this can be done.

**4. Nightstick**

A meeting is scheduled for next Wednesday to review this program. As a matter of information, funding is being covered on this program as follows:

- (i) **DEI** - Under GUSTO, funding not to exceed \$100,000; \$50,000 has already been added to the contract and the remaining balance will be covered by the next GUSTO approval.
- (ii) **DEMO** - The estimated \$9500 will be covered by the reduction in costs due to shutdown on GUSTO model testing after the windstorm damage plus fee reduction of \$1390. There might be a small amount of additional money required in this area if the travel is performed during this fiscal year.
- (iii) **Lockheed** - The estimated \$4,000 for modification of the C-123 might be low according to Mr. Johnson. However, the costs will be charged against SP-1918 CHALICE contract regardless of the amount.

*S/S.*

[Redacted Signature]

Chief, Contracts Branch, IEP

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