

MEMORANDUM FOR: Chairman, Technical Development Committee

THROUGH : Executive Secretary, TDC

SUBJECT : Staff Study - Overrun on Audio Film Program

REFERENCE : [REDACTED] Contract [REDACTED] Task Order No. 1 STATINTL  
STATINTL

PROBLEM:

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Payment of revised overrun costs incurred by [REDACTED] during performance of Task Order Number 1.

FACTS:

STATINTL

A claim was made in July 1961 for reimbursement of funds, in excess of that reflected in the contract, amounting to [REDACTED] (Total estimated [REDACTED])

Letter CO-781 dated 14 January 1964 provides the following statement: "Based upon verbal instructions, the Contractor continued performance and incurred costs in excess of that reflected in Task Order No. 1. Soon thereafter, as a result of conversations between the Contractor and the Contracting Officer, it was made clear that the Government did not intend to continue the program and all work was discontinued at this later date."

Letter CO-810 dated 30 January 1964, revised the previous amount to [REDACTED] after a telephone conversation with [REDACTED] of the Contracting Office.

STATINTL

DISCUSSION:

The Contracting Office stated on 30 June 1964 that they were satisfied that the sum of [REDACTED] was reasonable and that payment of this amount would allow termination of Task Order No. 1. Although there seems to be some doubt concerning the verbal authorization for continued work on the contract, careful investigation has failed to provide evidence upon which to refute the claim. It therefore appears that the Government has a moral but not a legal responsibility for the costs incurred under this Task.

RECOMMENDATIONS:

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That an authorization for payment of [REDACTED] be approved for termination of Task Order No. 1 of [REDACTED] Contract [REDACTED]

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Development Branch, P&DS

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