

SECRET

NPIC/TSSG/RED-1937-69
25 November 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Possible Overrun on Contract [] for the
Image Comparison Microstereoscope

25X1

1. The September Monthly Progress Report was received without the Statement of Funds page. Orally, [] indicated approximately [] expenditures and that their Audit Department was engaged in an internal Cost-to-Complete, based on the [] overrun reported last June.

25X1

25X1

2. This month the October Progress Report was a week late when I visited [] on 18 November 1969. They furnished me a copy, which also had no Statement of Funds. Before I left, [] provided a draft copy from their Audit Department which indicated reasonable expenses for October, but which additionally indicated September's costs had been []

25X1

3. This is completely out of line with work accomplished and the [] Project Engineers and Engineering Department Manager agreed with my interpretation. Neither the Project Administrator nor the Marketing Manager [] were available. Consequently, I arranged with the engineering personnel (including the Department Manager) to setup a visit to [] for the first week of December. I thought this was proceeding on schedule until I talked with the Project Administrator, [] on 24 November -- he knew nothing about such a visit. Subsequently, he called back today, stating that he, the Project Manager [] and the Department Manager [] would meet and analyze the situation early on 25 November 1969. He will call me with a definite date for visiting []

25X1

25X1

25X1

4. At the subject meeting at [] will have the long-promised Cost-to-Complete and detailed labor hour and overhead information to explain the excessive expenditures for September 1969. [] may try to claim that they are just now applying the increased overhead rates described in the June overrun. I challenge this

25X1

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

SECRET

SUBJECT: Possible Overrun on Contract [] for the
Image Comparison Microstereoscope

25X1

on the basis that they provided a cumulative budget for the rest
of the project which included the increased rates, plus a July
Statement of Funds confirming that budget. By comparing that
cumulative budget with the Statement of Funds through 24 October
(obtained on 18 November), [] is more than [] over budget:

25X1

[]

[]

25X1

RED/SRB

Distribution:

Original - Route & File
✓ 2 - TSSG/RED/SRB
1 - TSSG/RED

SECRET