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RADIATION LABORATORY
P. O. BOX 808
LIVERMORE, CALIFORNIA

December 22, 1958

Mr. O. E. Harvey
Cooper Development Corporation
2626 South Peck Road
Monrovia, California

BEST COPY AVAILABLE

Dear Mr. Harvey:

SUBJECT: Subcontract 108

We have been informed by the Atomic Energy Commission San Francisco Operations Office that they have reviewed the U. S. Navy Area Audit Office, Los Angeles, California, audit findings for costs incurred from the inception of Subcontract 108 through February 28, 1958. Accordingly, the AEC has acknowledged that costs incurred through February 28, 1958 amounting to \$922,114.44 are reasonable and properly charged to Subcontract 108 in accordance with its terms and conditions.

The following is a summary of findings. Please compare these results with actual billings which were based on provisional rates and advise whether or not adjustment billings are required.

	<u>Inception Thru 2/28/57</u>	<u>3/1/57 - 2/28/58</u>	<u>Total</u>
<u>Direct Costs</u>			
Labor	\$ 2,895.67	\$198,007.42	\$200,903.09
Material	634.48	445,584.06	446,218.54
Other	263.15	14,923.24	15,186.39
	<u>\$ 3,793.30</u>	<u>\$658,514.72</u>	<u>\$662,308.02</u>
<u>Manufacturing Overhead</u>	(1) <u>2,008.42</u>	<u>157,831.71</u>	<u>159,840.13</u>
	<u>\$ 5,801.72</u>	<u>\$816,346.43</u>	<u>\$822,148.15</u>
<u>Gen. and Adm. Overhead</u>	(1) <u>943.46</u>	<u>99,022.83</u>	<u>99,966.29</u>
	<u>\$ 6,745.18</u>	<u>\$915,369.26</u>	<u>\$922,114.44</u>

(1) Overhead computation is based on following audited rates:

	<u>FY ended 2/28/57</u>	<u>FY ended 2/28/58</u>
Manufacturing	69.3%	79.71%
Gen. and Administrative	16.26%	12.13%

Very truly yours,

C. L. Blue
Assistant Business Manager

CLB:et

cc w/cy of Audit Report: W. D. Douglass
W. B. Reynolds ✓
O. P. Webb

WP - Tests - EPG
Handbook - Cooper