

MEDCL

Contracting Officer, OTSG

24 November 1954

Legal Office, OTSG

MD-506, Medical College of Virginia

Two questions are submitted herewith for your policy determination:

1. By memorandum for record dated 27 August 1954, Subject: Negotiation Procedures, it was required that when a R&D request for a modification of a contract reflected a deviation from the budget estimate as submitted, it should be accompanied by sufficient explanation of the change. Aside from the merits of the change, is the change in the budget request of \$556 to the R&D request of \$1,202, as overhead allowance, supported by sufficient explanation so as to satisfy the August 27 policy? The overhead rate until February 1954 was 10% of total costs, and then on the basis of an AAA overhead study was changed to 27.23% of salaries and wages. The overhead study was based on fiscal 1952 operations and contains no recommended period for application of recommended rate. The question is, what overhead rate shall be included for the period commencing 1 December 1954?

ALEXANDER NAIMON
Assistant to the Chief
Legal Office

No. 2. TO: Chief, Legal Office

3 December 1954

1. Upon review of all papers relating to subject contract, it has been determined that sufficient information is available to substantiate the modification to the submitted budget.

2. A provisional overhead rate of 27.23% of salaries and wages should be used commencing 1 December 1954, subject to revision upon further audit by the appropriate audit agency.

W. F. LAWRENCE
Lt. Colonel, MSC
Contracting Officer

Washington National Record Center

Contract No. DA-49-007-MD-506

Office Memorandum • UNITED STATES GOVERNMENT

TO : Colonel Lawrence, Contracting Officer

DATE: 7 December 1954

FROM : Legal Office, OTSG

SUBJECT: MD-506, Medical College of Virginia

No. 3

1. With R&D, in response to basic inquiry from the Legal office, having transmitted Mr. Tompkins' letter of 2 November 1954 by Memo routing slip dated 24 November 1954, I agree that there is now a sufficient explanation of the change in Contractor's budget estimate so as to bring it within the 27 August policy.

2. The point at issue here, if any, is that the 27 August policy calls for the transmittal of the letter of 2 November as a matter of routine policy, rather than necessitating particularized inter-office requests or correspondence. Of course, if R&D, by inadvertence, overlooked the 2 November letter in sending down its memo request of 5 November, in effect regarding this ~~mission~~ as an unfortunate deviation from their usual procedures, then no issue exists.

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ALEXANDER NAIMON
Assistant to the Chief
Legal Office

May review late the amendment, please

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