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Report No. 59-12
December 8, 1958

To: A. A. Vergari, Director, Finance Division
San Francisco Operations Office

From: J. H. Mac Neill, Chief, Audit Branch *J. H. Mac Neill*

Subject: INTERIM AUDIT REPORT
UCLRL SUBCONTRACT NO. 108 WITH
COOPER DEVELOPMENT CORPORATION

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Costs incurred under Subcontract No. 108 are audited on an assist basis by the U. S. Navy Area Audit Office, Los Angeles, California. Costs incurred from inception through February 28, 1958 which have been approved by the Navy are summarized below:

	Inception through 2/28/57	3/1/57 - 2/28/58	Total
<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</u>			
<u>Overhead</u>	(1) 2,008.42	157,831.71	159,840.13
	<u>\$5,801.72</u>	<u>\$816,346.43</u>	<u>\$822,148.15</u>
<u>General and</u>			
<u>Administrative Over-</u>			
<u>head</u>	(1) 943.46	99,022.83	99,966.29
	<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	69.36%	79.71%
General and Administrative	16.26%	12.13%

Based upon the interim Navy audit, we find that costs incurred from inception through February 28, 1958 amounting to \$922,114.44 are reasonable and properly chargeable to Subcontract No. 108 in accordance with its terms.