

**CONFIDENTIAL**

Services Officer

18 August 1949

Deputy Budget Officer

Modification of Contract

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1. Reference is made to Supplement No. 1 applicable to Contract dated 27 January 1948 which provides for an increase of \$103,000 in the total contract price. The contract, as now modified, provides for a maximum payment to the contractor of \$203,000.

2. The obligation applicable to the original contract price was established against Appropriation 217/85900.001 and it appears proper to encumber the additional \$103,000 against the same Appropriation. This conclusion appears to be sound for the following reasons:

a. The changes in the contract are primarily occasioned by additional work to perfect the changes necessitated by the Government.

b. Current requirements by the Government have resulted from research and development work under the contract and no basic changes, with respect to the amount of equipment required, has been made.

c. The need for the equipment to be developed under the terms of the contract and Supplement No. 1 existed as of January 27, 1948, the date of the original contract, i.e., the purpose and/or need for issuing the Supplement to the contract is the same as that which necessitated the issuance of the original contract.

d. In view of the nature of the contract and its modification by Supplement No. 1, it would appear to be inappropriate to charge either 1949 or 1950 fiscal year funds with the additional \$103,000.

3. It is requested that Purchase Order No. 48-6154 dated January 27, 1948 be supplemented to increase the original charge against Appropriation 217/85900.001 from \$100,000 to \$203,000 in order that the necessary postings may be made and records adjusted, and to permit the Fiscal Branch to proceed under the terms of the original contract as modified.

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*Budget (1)*  
cc: Fiscal Br. (2)  
Approved for Release 2001/08/13 : CIA-RDP78-04901A000100020004-2  
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