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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
ROOM 7054, FEDERAL BUILDING  
300 NORTH LOS ANGELES STREET  
LOS ANGELES, CALIFORNIA 90012

GAG 00345

NOV 25 1970



LM092813

Major General David M. Jones  
Commander  
Air Force Eastern Test Range  
Patrick Air Force Base, Florida 32925

AGC 00907

Dear General Jones:

CAGC 1477

As part of our review of the negotiation of contract prices under the provisions of Public Law 87-653, we have examined into the price proposed and negotiated for purchase order 8129K41G22 awarded to the Bendix Corporation, Electrodynamics Division, North Hollywood California, by Pan American World Airways, Inc., under cost-plus-incentive-fee contract AF08 (606) - 7500 with the Air Force Eastern Test Range. The purchase order was issued on May 8, 1969, in the amount of \$119,744 and provided for 20 acoustic transponders.

Our review was primarily concerned with the reasonableness of proposed costs included in the negotiated purchase order price in relation to cost or pricing data available at the time of contract negotiations.

Although we have no major questions concerning the pricing of this order, we did note several instances in which either non-current cost data were used or inappropriate cost information was included in the proposed material costs resulting in an increase of about \$1,200 in the purchase order price.

No further reporting of the results of our review is contemplated at this time. However, the above matter is being referred to the cognizant Defense Contract Audit and Contract Administration Services personnel at Bendix for consideration in their continuing surveillance of the contractor's cost estimating system.

Sincerely yours,

H. L. Krieger

H. L. KRIEGER  
Regional Manager

cc: Regional Manager, DCAA, Los Angeles  
Commander, DCASR, Los Angeles

bcc: Associate Director, DD - J. H. Hammond  
Mr. R. A. Bononi  
Mr. D. A. McCargar

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