

tiated, auditors from the Financial Management Branch will visit the contractor to determine the adequacy of his accounting system and his financial stability. The importance of a careful and judicious selection of a contractor to the successful completion of a contract cannot be overemphasized.

Once a contract is awarded a Project Officer is designated. He has prime responsibility for the professional and technical aspects of the contract and for a continuing evaluation of the ongoing research in terms of scientific achievement. The manner in which he discharges his responsibility will be dictated by the nature and size of the project. In general, the contract will specify at what time and in what format progress reports will be made. In addition, the Project Officer will have access to the people and facilities involved in the research activity. Reports may range from informal letter reports to formal reports featuring either quantitative or qualitative presentations or both. A Project Officer's contacts with contractor personnel may include telephone conversations, face to face discussions and both informal and formally planned site visits. A formal site visit may be made by a team of scientists with expertise in the field including outside consultants. The scientific monitoring techniques are augmented by the designation of an Assistant Project Officer who is responsible for the fiscal and administrative aspects of the contract. For example, under his direction contract specialists examine reimbursement vouchers, compare them with the approved budget and report to the Project Officer any significant deviations from the projected rate of expenditures. In line with the above, the Project Officer evaluates reports, makes observations through personal contact and thus is in a position to make a valid appraisal of performance under a contract. The appraisals of performance in bio-medical research are of necessity based to a large extent on subjective judgment. Nevertheless, there are instances where objective quality control techniques can be used. For example, compounds with known activity or lack of activity are interjected into a screening contract to test the validity of the contractor's reported results. The Project Officer's findings are completely documented in a Summary Sheet which is reviewed in depth by the regularly established program review committees. His judgment and recommendations carry great weight in a program's determination whether to continue or terminate a specific contract or line of research.

The selection process which we consider to be an integral part of the process involved in appraising a contractor's performance is not, in our opinion, analogous to the process involved in a decision to conduct an intramural project in our own laboratory. The monitoring of an ongoing intramural project and the appraisal of its effectiveness involve relationships that are very different. Evaluation of in-house research and development activities is primarily the responsibility of the program manager and his superiors in his organization. The individual investigator or group of investigators working on a program or project make periodic reports to their supervisors, and summary annual reports. The work can be judged by appraisal of its scientific quality and the productivity of investigators must be judged on the basis of the difficulty of the problem as well as on the production of papers. Contact between the intramural personnel, laboratory chiefs, and the Scientific Director is more intimate, regular, and of longer duration than with extramural contractors. Any attempt to use, in the intramural situation, the procedures employed in appraising a contractor's performance would entail serious hazards. Perhaps the most important of these would be the possibility of disrupting the environment of personal and working relationships which permits good scientific work and attracts good scientists.

*Question 10.—The DOD witness proposed the elimination of manpower controls on cross-agency work in order to achieve flexibility similar to that available to the AEC contract laboratories. What is your opinion of this proposal?*

*Answer.—*Relief from manpower controls would improve the ability of D/HEW laboratories to take on tasks for other agencies on a reimbursable basis or through a transfer of funds. Presumably, such a relaxation of manpower controls would also permit other agencies to respond more easily to requests of this Department. The benefit would depend, in the case of each project, on the extent to which the laboratory's resources other than personnel were already employed in supporting the primary mission of the laboratory's program.

*Question 11.—What authority do your laboratory directors have to deal directly with other agencies that may wish to engage their research and development services?*

*Answer.—*Laboratory directors have considerable freedom to deal directly with other agencies which may request them to undertake research and development