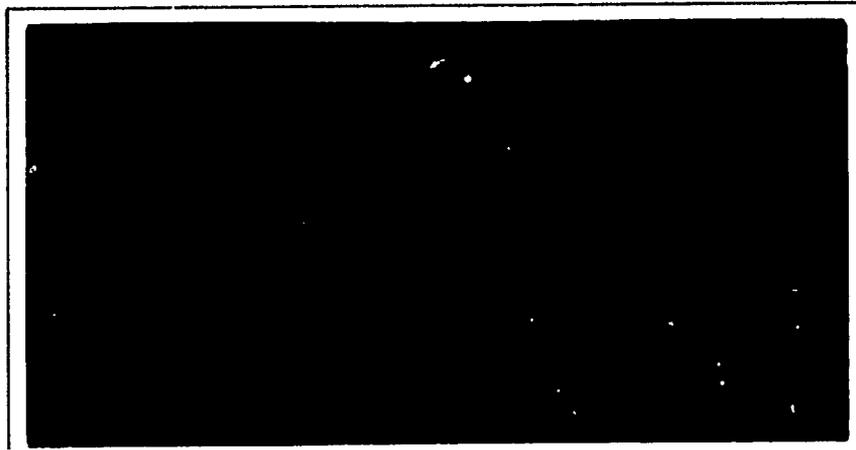


UNITED STATES  
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE  
INSPECTOR  
GENERAL



Regional Inspector General for Audit  
WASHINGTON

IRREGULARITIES IN THE FINANCIAL  
MANAGEMENT OF THE ASHUGANJ FERTILIZER  
PLANT PROJECT IN BANGLADESH

Audit Report No. 0-000-83-34  
December 30, 1982

Under two loans, AID financed \$53 million to help set up a fertilizer plant in Bangladesh. Foster Wheeler Limited, with headquarters in Reading, England, was the prime contractor for the project. We found that Foster Wheeler did not adequately monitor subcontractors on the AID-financed portion of the project. Consequently, about \$3.5 million of AID funds were spent on ineligible items:

- \$934,082 was spent for ineligible freight charges.
- \$2,202,332 was spent on commodities that were shipped on ineligible carriers.
- \$294,774 was spent on unnecessary freight and handling charges.
- \$58,442 was spent on miscellaneous overbillings.

This report recommends that the Agency recover from Foster Wheeler the ineligible charges made to the AID loan.

IRREGULARITIES IN THE FINANCIAL  
MANAGEMENT OF THE ASHUGANJ FERTILIZER  
PLANT PROJECT IN BANGLADESH

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
BACKGROUND	1
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	3
Poor Contractor Management	3
Improper Acts of the Freight Forwarder	3
Unnecessary Freight Charges	6
Improper Drawdown By Freight Forwarder	7
Overpayments to Suppliers	8
Conclusions and Recommendations	10
<u>EXHIBITS</u>	
Project Financing Plan	A
Schedule of Ineligible Payments	B
List of Report Recipients	C

## EXECUTIVE SUMMARY

### Introduction

This audit report was ready for publication and issuance in November 1980. However, we were precluded from issuing the report until now pending the resolution of a criminal investigation of the freight forwarder. (See page 2.)

In February 1975, AID agreed to lend the Government of Bangladesh \$30 million under Loan No. 388-T-003. The purpose of the loan was to help set up a fertilizer plant. In 1978, the loan was increased by \$23 million. AID's contribution represents about 12 percent of total project funds. The prime contractor is Foster Wheeler Limited, headquartered in Reading, England.

In June of 1979, the Asia Bureau, Office of Project Development discovered that Foster Wheeler's freight forwarding company, Cargo Export Corporation, had shipped project commodities to Bangladesh on a foreign-flag vessel. Such vessels are usually ineligible for shipment of AID-financed commodities. Cargo Export had certified that the Bangladesh-registered vessel was a U.S. flag carrier. This irregularity suggested the need for a thorough review of the project by the Office of the Inspector General.

### Purpose and Scope of Review

We examined the integrity of AID-financed project transactions. The review was performed in AID/Washington, in the contractor's offices in Reading, England, and at the project site and the USAID Mission in Bangladesh. It included a review of pertinent documents at the audit locations and discussions with appropriate officials.

### Poor Management By Contractor Results In Ineligible Costs

Foster Wheeler did not adequately monitor sub-contractors on the AID-financed portion of the project. Consequently, AID funds were used to finance eight separate freight charges on ineligible foreign carriers. Use of ineligible foreign carriers violates AID regulations, the loan agreement with Bangladesh, and Foster Wheeler's contract. The cost of AID-financed freight on ineligible carriers was \$934,082. As a result of shipment on ineligible carriers, \$2,202,332 worth of commodities are also ineligible for AID financing under AID regulations.

The contractor was aware that AID has specific regulations governing the use of foreign-flag carriers. Adequate review of Cargo Export's invoices would have disclosed the problem long before the large number of ineligible shipments had been made.

#### Excess Freight and Handling Charges

Foster Wheeler paid suppliers \$294,774 for various freight and handling charges that suppliers should have paid under the terms of the purchase orders. Purchase orders specified prices FAS (free alongside ship) New York. Suppliers only delivered to Cargo Export; they did not put the commodities within reach of ships tackle. The upshot was that Foster Wheeler overclaimed AID funds for the project by \$294,774 and overpaid suppliers by a like amount.

#### Overpayments to Suppliers

In some cases, firms supplying commodities and services to Foster Wheeler acted improperly by double billing, overbilling, or failing to pay the carriers. As a result, the AID portion of the project was overcharged a total of \$58,442.

#### Conclusions and Recommendations

In our view, Foster Wheeler did not use due care in reviewing the propriety of documents supporting payments made with AID funds. The contractor's relationship is with the Government of Bangladesh. But the issues are complex and involve the intricacies of U.S. Government regulations. We believe it would be impractical for the Government of Bangladesh to try to resolve the items in question. Therefore, we recommend that AID obtain an assignment of claims from the Government of Bangladesh. After this is done, the Agency should issue a bill of collection to Foster Wheeler for the ineligible charges made to the AID loan.

## BACKGROUND

The Ashuganj Fertilizer Plant Project in Bangladesh is a multi-donor activity to which AID has provided \$53 million in loan funds. Other international lenders are the Asian Development Bank, the International Development Association, the United Kingdom, the Government of Iran, the Federal Republic of Germany, and the Government of Switzerland. Costs are expected to total \$416 million, including \$231 million in foreign exchange to be financed by the outside lenders. The Government of Bangladesh is to finance more than \$180 million which accounts for more than 98 percent of the local currency costs. (Exhibit A is a detailed financial plan.)

The long-range goal of this project is to improve the quality of life and nutritional intake of the people of Bangladesh. A more immediate objective is increased production of food grains, especially through the expanded use of fertilizer. Overall food grain production is influenced by a number of complex factors, but the basic formula for improving production in the short run involves better access to improved production inputs, especially fertilizer. Considerable progress has been made toward increasing fertilizer supplies and distribution during the past several years. Even so, total use is far below desired levels.

The Ashuganj project provides for the engineering, design, procurement, construction, commissioning, and operation of an ammonia/urea fertilizer plant beside the Meghna River at Ashuganj in the Comilla District of Bangladesh. Rated capacity of the plant will be 305,000 tons per year of ammonia and 528,000 tons per year of prilled urea based on a 330-day production year.

The borrower is the Government of the People's Republic of Bangladesh. But the Government has assigned overall responsibility for implementing the project and administering the loan resources to the Ashuganj Fertilizer and Chemical Company, a semi-autonomous government organization created to build and run the plant. The Company contracted with Foster Wheeler Limited to handle the design, engineering, procurement, architecture, construction, training, and start-up operation of the plant.

### Purpose and Scope

This review was performed as a result of apparent irregularities noted by AID officials. Sufficient audit work was done to comment on the integrity of the financial transactions involving AID funds.

Vouchers were examined in AID/Washington and USAID/Bangladesh; Purchase Orders and Invoices were examined at Foster Wheeler Limited in Reading, England; commodity accountability was tested at the site in Bangladesh; and information was obtained from Ashuganj Fertilizer and Chemical Corporation in Bangladesh. In addition, discussions were held at all of these locations. We did not review the efficiency and effectiveness of the project.

This audit report was ready for publication and issuance in November 1980. However, we were precluded from issuing the report pending the resolution of a criminal investigation of the Cargo Export Corporation. As a result of the investigation, in June 1982, two officials of Cargo Export were indicted by a U.S. Grand Jury on charges of fraudulently obtaining \$225,000 from the AID-financed loan. On December 8, 1982 the former Vice President of Cargo Export was convicted of one count of conspiracy to defraud the U.S. Government and four counts of wire fraud. The former secretary-treasurer, an unindicted co-conspirator, earlier pled guilty to one count of conspiracy.

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### Poor Contractor Management

Foster Wheeler Limited did not adequately manage AID funds committed to this project. As a result, about \$3.5 million of AID funds were spent on ineligible items:

Freight on ineligible foreign-flag carriers	\$ 934,082
Commodities shipped on ineligible carriers	2,202,332
Unnecessary freight and handling charges	294,774
Miscellaneous overbillings	58,442

Foster Wheeler did not review vouchers paid by AID-financed letter of credit with sufficient care. Nor did Foster Wheeler adequately supervise activities of the freight forwarder, Cargo Export Corporation. The agreement between Ashuganj Fertilizer and Chemical Company and Foster Wheeler spells out Foster Wheeler's responsibilities:

- 1) Checking and approving all vendor invoices.
- 2) Complying with applicable rules and regulations of the lenders.
- 3) Forwarding, transporting, and insuring.

In the procurement of most commodities and services, Ashuganj Fertilizer and Chemical concurred in the award of the contracts and purchase orders. Among the approved contracts was the one with the freight forwarder Foster Wheeler selected to handle all U.S. procurement: Cargo Export Corporation.

### Improper Acts of the Freight Forwarder

In several cases, Cargo Export acted in violation of AID regulations. These improper acts resulted in spending \$934,082 on transportation costs with ineligible foreign-flag carriers and financing \$2,202,332 worth of commodities that became ineligible for financing because they were shipped on ineligible non-U.S. carriers. In our opinion, many of the problems could have been prevented by adequate supervision from Foster Wheeler.

In its capacity as freight forwarder, Cargo Export handled incoming cargo, consolidated shipments, warehoused commodities, and obtained shipping from carriers for commodities purchased in the U.S. Arrangements were made for Cargo Export to draw funds under a letter of credit at Manufacturers Hanover Trust to pay for the shipping and Cargo Export's fees.

There is no written contract between Cargo Export and Foster Wheeler. The governing document is the quotation that had been furnished to Foster Wheeler by Cargo Export. Nevertheless, both parties were fully aware of the requirement for shipping AID-financed commodities on U.S.-flag carriers.

In 1977, early in the contract, Cargo Export shipped the cement batching plant and rock crusher on a vessel of Bangladesh registry, the Banglar Maan. It was intended that freight costs be paid with AID funds. Because of the foreign-flag shipping problem, another lender's funds were used.

To make this shipment, Cargo Export contracted with Roco World Wide, Inc., a non-vessel-operating common carrier, rather than dealing directly with the carrier. Normally non-vessel-operating common carriers are used for small shipments, but larger ones such as this 630,302 lb. shipment are generally shipped direct with the carrier.

Use of U.S. - flag carriers demonstrates that Cargo Export and Foster Wheeler were fully aware of AID's U.S.-flag shipping requirements. Certainly, Foster Wheeler should have been aware of the U.S.-flag shipping requirements. The contract between Foster Wheeler and the Chemical Company required Foster Wheeler to comply with AID regulations. Foster Wheeler certainly should have found out what AID regulations were applicable before commencing action under the contract.

Below are the details on the ineligible transportation and commodity cost.

#### Shipment on Ineligible Surface Carrier - 1978

Under an October 17, 1978 Bill of Lading Cargo Export shipped 525,000 lbs. of "equipment & material, trucks" on the same ship of Bangladesh registry that had been used in 1977 for the rock crushing plant. Again, as the freight forwarder had done in 1977, a non-vessel-operating common carrier was used to make the shipment. This time the carrier was Intermodal Container Service Ltd.

Freight totaled \$216,045, which Cargo Export received on a letter of credit and paid in full to Intermodal. Aside from the fact that a non-vessel operation common carrier was used on this large shipment, two things were seriously wrong:

First, the vessel used was not eligible for shipping AID-financed commodities since it was neither U.S.-flag nor a Free World country-owned vessel as specified in the financing agreement.

Second, Cargo Export certified on the Invoice and Contract Abstract, which must be filed to draw money under the letter of credit, that the ship was U.S.-flag. It was not.

Shipment on Ineligible Air Charters

Between March 1978 and March 1979, the Cargo Export Corporation obtained air charter services seven different times with a foreign-flag air carrier to transport project commodities from the United States to Bangladesh. None of these charters had AID approval; therefore, neither the cost of the air charter nor the cost of the commodities transported is an eligible expense.

Section 7-04. (v) of the February 12, 1975, Loan Agreement between AID and the Government of Bangladesh states: "No such goods may be transported on any ocean vessel (or aircraft) which AID, in a notice to the Government, has designated as ineligible to carry AID-financed goods or which has been chartered for the carriage of AID-financed goods unless such charter has been approved by AID."

Article XXXV, 35-1, of the Foster Wheeler contract with the chemical company requires the contractor to "...comply with and require all subcontractors to comply with the applicable Rules and Regulations of the Lenders."

AID Handbook I, Supplement B, 4Eb., states: "Commodities are ineligible for financing if shipped under an ocean or air charter that has not received prior approval by AID/W."

AID Regulation 1, which is incorporated by reference into the Invoice-and-Contract ABSTRACT (AID Form 282), states in section 201-11 (d): "Shipment shall not be effected...under any ocean or air charter which has not received prior approval by AID/W."

Notwithstanding these explicit regulations, Cargo Export made seven AID-financed air charter shipments from John F. Kennedy Airport in New York to Dacca, on the Lebanese airline, Trans Mediterranean Airways:

<u>Date</u>	<u>Air Way Bill Number</u>	<u>Ineligible Costs</u>	
		<u>Air Freight</u>	<u>Commodities</u>
March 14, 1978	270-0905-7436	\$ 85,000	\$ 253,078
April 27, 1978	270-0905-7506	106,687	335,984
July 7, 1978	270-0905-7591	99,000	159,312
September 27, 1978	270-0924-3555	102,530	293,618
November 3, 1978	270-0924-3275	103,420	329,179
December 22, 1978	270-0924-3393	105,700	156,983
March 29, 1979	270-0905-7543	115,700	302,808
Totals		<u>\$ 718,037</u>	<u>\$1,830,962</u>

We have already shown that Foster Wheeler's agent, Cargo Export, and, thereby, Foster Wheeler were aware that AID had regulations for the use of U.S.-flag carriers. Also, Foster Wheeler was required by the terms of its contract with the chemical company to review and approve all invoices under the contract.

Given the prior experience with foreign-flag shipping, we do not believe that Foster Wheeler was adequately reviewing the invoices. It seems reasonable to expect that Foster Wheeler would have noticed and stopped the use of an unapproved foreign air carrier if supervision and review had been adequate. How could all seven of these foreign-flag air-charters go undetected by Foster Wheeler if invoices were reviewed with reasonable care?

#### Commodities Made Ineligible by Shipment on an Ineligible Carrier

The Foster Wheeler Energy Corporation (an affiliated company), acting as freight forwarder for Foster Wheeler Limited, on May 14, 1980 shipped about 132,000 pounds of AID-financed commodities on a foreign-flag air charter, Martinair (Holland) Ltd. AID did not pay the air charter cost of \$238,000 because it detected the problem before a drawdown on the letter of credit could be made. However, the \$371,370 worth of commodities involved are equally ineligible for AID financing.

#### Unnecessary Freight Charges

Cargo Export billed and was paid \$294,774 from AID funds for various services that were not provided for under the terms of the purchase agreements. Many of Foster Wheeler's payments for the project commodities included freight FAS (free alongside ship). According to American Foreign Trade Definitions "FAS named port of shipment" means a quoted price which includes delivery alongside the overseas vessel within reach of the ship's loading tackle and heavy lift equipment. Therefore, no FAS New York purchase should include additional charges for such items as heavy lifts, storage, trucking, warehouse handling, inland freight, unloading, export packing, etc. An analysis by the Chemical Company showed that Cargo Export has charged \$294,774 for such services on FAS New York contracts:

Heavy lift	\$ 70,776
Storage	59,859
Trucking	41,755
Warehouse handling	83,060
Unloading	16,387
Service charges	11,913
Inland freight	4,426
Packing	<u>6,598</u>
Total	<u>\$ 294,774</u>

Since the purchase order is a contract between Foster Wheeler and the supplier, AID must look to Foster Wheeler for financial recovery.

Improper Drawdown By Freight Forwarder

Foster Wheeler's freight forwarder, Cargo Export, drew down \$30,230 against an AID-financed letter of credit to pay Scindia Steamships (London) Limited for shipping costs. But Cargo Export did not pay Scindia. Subsequently, the shipping company billed Foster Wheeler for the \$30,230. However, Foster Wheeler had not paid the bill because of the possibility of jeopardizing legal action against the freight forwarder.

<u>1979</u>	<u>Bill of Lading No.</u>	<u>Amount</u>
May 29	0069425	\$ 993
May 29	0069441	796
May 29	0069666	6,407
May 29	0069682	885
May 25	0068886	8,768
May 25	0068851	10,032
May 25	0068900	97
May 25	0068918	24
May 25	0068926	98
May 25	0068934	131
May 25	0068950	603
May 25	0068969	369
May 25	0068993	521
May 25	0068860	<u>506</u>
Total		<u>\$ 30,230</u>

## Overpayments to Suppliers

Foster Wheeler did not adequately monitor commodity purchase orders under this project. As a result, suppliers were overpaid a total of \$28,212. There was no single cause of the overpayments. In general, they resulted from improper billings by the supplier or inadequate review by Foster Wheeler. Below are the details on the overpayments.

### Export International Corporation

Export International Corporation, one of the larger suppliers on this project, invoiced and drew down twice for the same item on an AID-financed letter of credit. The result was an overpayment of \$6,103. Foster Wheeler Purchase Order No. 30242 covered \$14,245 of spare parts, including a "top boom" at a price of \$6,103. By invoice No. 134-78 dated January 9, 1978, the supplier billed the entire \$14,245. The \$14,245 was drawn down under letter of credit from Manufacturers Hanover Trust on February 1, 1978.

By separate invoice No. 134-78 dated March 17, 1978, the supplier again billed for the "top boom" at the price of \$6,103. The amount was again drawn down under a Manufacturers Hanover letter of credit resulting in double payment. Foster Wheeler's accounting records disclosed this irregularity, but it had not been noticed or checked out. The Foster Wheeler report showed that only one "top boom" had been received. The \$6,103 amount should be recovered.

### Loyd Media International

Loyd Media International engaged in improper billing procedures on three different purchase orders under this project, resulting in overpayments to the supplier of \$16,667. (This supplier is known both as Loyd Media International and as Cruzco International.)

Purchase Order No. 30512 was issued on October 20, 1978, to Loyd Media at a firm price of \$44,247 for spare parts. A November 30, 1978 amendment to the purchase order added more spare parts and increased the firm price by \$6,376 or \$50,623 in total. Both the purchase order and the amendment specified that payment to the supplier was to be made by letter of credit.

Loyd received from Foster Wheeler a total of \$62,016 against the amended firm price of \$50,623, an apparent overpayment of \$11,392. We compared the details of the purchase order, the invoices and the record of commodities received (receiving reports) and identified the precise

details and amount of the overbillings. Our analysis showed that the actual overbilling was \$12,218 and not \$11,392.

Spare parts invoiced, but not received (5 items)	\$ 298
Spare parts invoiced at unit prices higher than purchase order (110 items)	5,276
Spare parts invoiced, but not ordered - duplicates (20 items)	6,344
Freight & packing cost invoiced at higher price than purchase order	<u>300</u>
Total overbilling	<u>\$12,218</u>

Loyd Media does not agree that the parts were overbilled. Loyd claims that there were oral amendments to the purchase order, but Foster Wheeler did not recall any oral amendments.

The record shows an overpayment of \$12,218. The \$12,218 amount should be recovered.

-- Purchase Order No. 30422 was issued on October 3, 1979 to Cruzco International in the amount of \$3,160. The purchase order specified that payment was to be made directly by Foster Wheeler through its AID-financed revolving fund. On November 13, 1979, Loyd Media International - which is one and the same as Cruzco International - drew down \$3,160 on a letter of credit at Manufacturers Hanover Trust based upon Loyd Media Invoice No. 10379, November 1, 1979.

Cruzco billed \$3,160 directly to Foster Wheeler on Invoice No. 10379 and was paid on November 13, 1979, from AID-provided funds. This was clearly a double payment. The \$3,160 amount should be recovered.

-- Purchase Order No. 30333 was issued on July 4, 1978, to Loyd Media International in the amount of \$84,050 for two concrete pumps and spare parts. The invoices stated that a number of spare parts were not available. The value of the unshipped parts was \$1,289. These parts, along with those actually shipped, were paid for by Loyd by an assignment of letter of credit proceeds.

After having been advised that the parts order was not complete, Loyd nevertheless invoiced the project for the full order, including the unshipped items. On March 6, 1979, the manufacturer returned \$1,289 to Loyd Media for the unshipped parts. Loyd Media did not pass the refund on to Foster Wheeler. The \$1,289 amount should be recovered.

#### Kin Yuen

Purchase Order Nos. 32013 and 32018 were issued to Kin Yuen for a combined total of \$192,500 for 2500 metric tons of cement, cost and freight, delivered to Bangladesh. The supplier drew down the total of \$192,500 on the AID-financed letter of credit, but the receiving report from Foster Wheeler in Bangladesh indicated that only 2451.88 metric tons were actually received. At \$77 per metric ton, the 48.12 short-landed metric tons were worth \$3,705. The \$3,705 amount should be recovered.

#### Toyo Menka

Purchase Order No. 32003 to Toyo Menka covered the purchase of 145 tons of reinforcing bar priced at \$56,550. The order was adjusted upward by \$352 to a new total of \$56,902 to cover an overshipment of .905 tons in accordance with normal limits in the industry. The supplier was paid in full directly from AID funds by Foster Wheeler. The receiving support showed that only 141.45 tons were actually delivered. This amounts to an overbilling of \$1,737 (145.905 - 141.450 = 4.455 tons at \$390 per ton). We saw no discrepancy report in the files or evidence of action taken to recover the \$1,737. The \$1,737 amount should be recovered.

#### Conclusions and Recommendations

We believe that Foster Wheeler did not manage the project well enough to make sure that AID funds were used appropriately. Consequently, almost \$3.5 million of AID funds were improperly spent. Lack of supervision is underscored by the fact that one supplier responsible for over 100 separate purchase orders claimed never to have been visited by a Foster Wheeler representative. This supplier said that there had been many problems and that a visit by Foster Wheeler would have been welcome.

The lack of supervision is further supported by the freight forwarder's repeated use of ineligible foreign-flag carriers without Foster Wheeler detecting it. If Foster Wheeler had been reviewing the freight forwarder's invoices as required by the contract, improper use of foreign-flag carriers would have been discovered and stopped early on.

Foster Wheeler's business relationship is with the Government of Bangladesh. The Government of Bangladesh must look to Foster Wheeler for recovery. But intricate issues are involved. We believe it is unrealistic to expect the Government of Bangladesh to resolve these complex matters. In our view, the practical solution is for AID to obtain an assignment of claim and act on behalf of the Government of Bangladesh by issuing a bill for collection to Foster Wheeler. We recognize that some of the improper payments may be recoverable from suppliers. Such recovery is between Foster Wheeler and suppliers.

Recommendation No. 1

The Office of the General Counsel and the Directorate for Program and Management Services should obtain an assignment of claim for ineligible expenditures on the Ashuganj Fertilizer Plant Project from the Government of Bangladesh.

Recommendation No. 2

The Office of Financial Management and the Directorate for Program and Management Services in conjunction with the Office of the General Counsel should determine and take steps to recover the maximum amounts possible from the potential claims identified in this report.

## LIST OF REPORT RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 1</u>	11
<p>The Office of the General Counsel and the Directorate for Program and Management Services should obtain an assignment of claim for ineligible expenditures on the Ashuganj Fertilizer Plant Project from the Government of Bangladesh</p>	
<u>Recommendation No. 2</u>	11
<p>The Office of Financial Management and the Directorate for Program and Management Services in conjunction with the Office of the General Counsel should determine and take steps to recover the maximum amounts possible from the potential claims identified in this report.</p>	

FINANCING PLAN

(In \$ Millions)

<u>Debt</u>	<u>Foreign Exchange</u>	<u>Local Currency</u>	<u>Total</u>	<u>% of Total</u>
International Devel. Assoc.	\$ 56.0	\$ 1.0	\$ 57.0	13.7
Asian Development Bank	49.0	-	49.0	11.8
A.I.D.	53.0	1.0	54.0	13.0
Min. for Overseas Devel. (U.K.)*	29.0	1.0	30.0	7.2
Government of Iran	14.5	-	14.5	3.5
Fed. Republic of Germany *	19.0	-	19.0	4.5
Government of Switzerland	<u>10.5</u>	<u>-</u>	<u>10.5</u>	<u>2.6</u>
Subtotal	\$ 231.0	\$ 3.0	\$234.0	56.3
<u>Equity</u>				
Government of Bangladesh	<u>3.0</u>	<u>179.0</u>	<u>182.0</u>	<u>43.7</u>
	<u>\$ 234.0</u>	<u>\$182.0</u>	<u>\$416.0</u>	<u>100.0</u>
Percent Contribution	56.3%	43.7%		

\* These resources are denominated in the currencies of the donor country; their U.S. dollar equivalents are therefore subject to fluctuations in the exchange rates.

SCHEDULE OF INELIGIBLE PAYMENTS

<u>Nature of Payment</u>	<u>Amount of Ineligible Payment</u>
Freight Cost on Ineligible Foreign-flag Carriers	\$ 934,082
Ineligible Commodities Resulting from Shipments on Ineligible Carriers	2,202,332
Unnecessary Freight and Handling Costs	294,774
Double Billings, Overbillings, and Erroneous Charges	<u>58,442</u>
Total Ineligible Payments	<u>\$ 3,489,630</u>

LIST OF REPORT RECIPIENTS

Assistant to the Administrator For Management (AA/M)	1
Assistant Administrator, Bureau For Asia (AA/ASIA)	5
Deputy Assistant to the Administrator for Management Services (M/DAA/SER)	5
Office of General Counsel (GC)	5
Controller, Office of Financial Management (M/FM)	5
Audit Liaison Officer, GC/LE	1
Audit Liaison Officer, M/DAA/SER/SA	1
Office of Development Information and Utilization (S&T/DIU)	4
Office of Public Affairs (OPA)	1
Office of Legislative Affairs (LEG)	1
Office of Inspector General (IG)	1
IG/PPP	1
AIG/II	1
IG/EMS/C&R	16