

DEPARTMENT OF THE ARMY
HEADQUARTERS, WASHINGTON, D. C.

THE
INSPECTOR
GENERAL



WORLD EDUCATION, INCORPORATED

AUDIT REPORT NO. 0-000-83-77

JULY 13, 1983

Review of
WORLD EDUCATION, INCORPORATED

EXECUTIVE SUMMARY

Introduction

World Education, Incorporated (WEI) is a private nonprofit agency whose specialty is functional education for adults. Their literacy programs deal mainly with food production and family planning for poor people. Since its founding in 1951, WEI has provided technical assistance to 50 agencies in 23 countries. The organization is currently operating with a full-time U.S. staff of 14 persons, 2 in the Boston home office, and 12 overseas. Consultants are employed as needed for individual assignments.

WEI received the first of many grants and contracts from AID in 1964. Until this audit, all examinations of AID/WEI agreements were made by the Defense Contract Audit Agency (DCAA). The latest DCAA examination covered 11 AID grants for the period July 1, 1977 through June 30, 1978. None of the prior DCAA reports disclosed any unusual problems or financial difficulties.

Purpose and Scope

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) has made an audit of the grants, contracts, and related task orders awarded to WEI for the period July 1, 1978 through June 30, 1982. We examined \$3,307,559 in costs claimed by WEI for that period under 19 AID contracts and grants. We also reviewed WEI's accounting system, internal controls, and administrative policies and procedures.

The purpose of the examination was to determine whether: (1) direct costs claimed were proper; (2) Federal Reserve Letter of Credit (FRLC) drawdowns were appropriately used; (3) overhead proposals were reasonable; (4) accounting and internal controls were adequate; and (5) fiscal reports were submitted to AID's Office of Financial Management (M/FM/PAD) as required. We also examined M/FM/PAD's monitoring of FRLC drawdowns.

Audit Findings and Recommendations

We questioned \$237,326 of total costs claimed. In addition, as of June 30, 1982, WEI had received funds through FRLC advances and reimbursement vouchers that were \$95,896 in excess of claimed costs. The refund due AID as of that date totaled \$333,222 (page 2).

We found that:

- Claimed costs exceeded the amounts authorized in 6 of the 19 contracts/grants that we audited, resulting in cost overruns totaling \$43,475 (page 4).
- WEI did not comply with cost-sharing requirements of Matching Grant No. AID/PDC-G-1036, resulting in unallowable charges of \$150,277 (page 4).
- Proposed overhead rates were acceptable. Application of those rates in lieu of provisional rates used in WEI's claims resulted in a net credit of \$4,979 (page 5).
- WEI made excessive withdrawals from the FRLC and used the proceeds to finance costs not authorized under AID agreements. Examples are cost overruns, costs of AID programs not under the FRLC, and WEI's share of costs under the matching grant (page 7).
- AID did not effectively monitor WEI's withdrawals from the FRLC. As a result, WEI's noncompliance with matching grant cost-sharing requirements and excessive withdrawals went unnoticed (page 9).

- WEI was delinquent in submitting required financial reports to AID (page 11).
- WEI did not have adequate procedures or records to properly control subgrant funds (page 11).
- WEI's financial condition is precarious and they may not be able to make the \$333,222 refund due AID. The Office of Private and Voluntary Cooperation (FVA/PVC) believes that WEI has performed well in the past and was contemplating extraordinary measures to keep them financially viable (page 12).

We have concluded that:

- The Office of Contract Management (M/SER/CM) should initiate action to obtain the \$333,222 refund due from WEI as of June 30, 1982 (page 7).
- The granting of a Federal Reserve Letter of Credit is an act of trust and WEI has broken that trust with excessive withdrawals and unauthorized use of the proceeds. We are recommending that M/SER/CM discontinue the FRLC method of financing WEI programs (page 8).
- WEI's capability of performing well may have become impaired due to their current financial instability and recent termination of employees. We are recommending that FVA/PVC assure that WEI has the capability to perform well in future endeavors before going to extraordinary lengths to keep them financially viable (page 12).

Review of
WORLD EDUCATION, INCORPORATED

BACKGROUND

World Education, Incorporated (WEI) is a private nonprofit agency whose focus is functional education for adults. Specifically, WEI plans and implements literacy programs related to food production and family planning--the fields considered most essential to individual and national development. Literacy materials start with the primer and center on subject matter that the villager cares about--his crops, family health, and means of acquiring marketable skills.

WEI is closely associated with another nonprofit organization, Literacy House, in India, which serves as a field laboratory. Training methods, materials, and programs are tested there before being adapted for use elsewhere in the developing world.

Since its founding in 1951, WEI has provided technical assistance to 50 agencies in 23 countries, including the United States, on four continents. The organization is currently operating with a full-time U.S. staff of 14 persons, 2 in the home office (Boston, Massachusetts) and 12 overseas. Consultants are employed, as needed, to supplement efforts of the U.S. staff.

During the earlier years of operation, WEI was supported almost entirely by private gifts from the United States and Canada. In 1964, the organization received the first of many grants and contracts from AID to help finance its program of functional education for adults. This audit is concerned with 19 of the more recent grants and contracts awarded to WEI by AID. These 19 agreements have a total value of \$5.2 million.

The organization's financial statements have been examined by various certified public accounting firms over the years, but this is the first audit of WEI's contracts and grants by AID's Office of the Inspector General. Prior contract/grant audits were conducted by the Defense Contract Audit Agency (DCAA). The latest, Report No. 6171-9C160315-0-106, dated June 30, 1980, covered 11 AID grants for the period July 1, 1977 through June 30, 1978. None of the prior CPA or DCAA reports disclosed any unusual problems or financial difficulties.

Purpose and Scope

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) has made an audit of the grants, contracts, and related task orders awarded to WEI for the period July 1, 1978 through June 30, 1982. We examined \$3,307,559 in costs claimed by WEI for that period under 19 AID contracts and grants. Our procedures included selective testing of documentation in support of representative financial transactions. We also reviewed WEI's accounting system, internal controls, and administrative policies and procedures.

The purpose of the examination was to determine whether: (1) direct costs claimed were proper; (2) Federal Reserve Letter of Credit (FRLC) drawdowns were appropriately used; (3) overhead proposals were reasonable; (4) accounting and internal controls were adequate; and (5) fiscal reports were submitted to AID's Office of Financial Management (M/FM/PAD) as required. We also examined M/FM/PAD's monitoring of FRLC drawdowns.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Financial Summary

Of the \$3,307,559 costs claimed by WEI, we have accepted \$3,070,233, and questioned \$237,326, as summarized below. In addition, WEI had received funds through FRLC advances and

reimbursement vouchers that were \$95,896 in excess of claimed costs as of June 30, 1982. The total refund due AID as of that date was \$333,222:

Unsupported Costs	\$ 48,553
Cost Overruns	43,475
Matching Grant Cost-Sharing Requirement	150,277
Overhead Adjustments	<u>(4,979)</u>
Total Costs Questioned	\$237,326
Reimbursements in Excess of Claimed Costs, as of June 30, 1982	<u>95,896</u>
Total Adjustments--Refund Due AID	<u>\$333,222</u>

Direct Costs Claimed By WEI Were At Variance With Costs Recorded

We based our audit on financial statements prepared by the independent CPA firm. There were substantial differences between amounts claimed (reported to AID) and amounts per the CPA's financial statements. Differences (unsupported costs) were found in 13 of the 19 agreements audited. The net amount unsupported was \$48,553, as shown in the following table:

<u>Contract/Grant No.</u>	<u>Unsupported Costs</u>	<u>Reference Exhibit</u>
AID/SOD/PDC-G-10072	\$(1,398)	B
AID/DSPE-C-0090	(373)	C
AID-0380	1,665	E
AID/ta-G-1237	149	I
AID/ASIA-G-1269	23,603	J
AID/ASIA-G-1274	4,047	K
AID/afr-G-1385	(213)	L
AID/afr-G-1390	147	M
AID/afr-G-1394	956	N
AID/ta-C-1455	(4,114)	O
AID/otr-1736	(31)	P
AID-493-7002T	24,409	R
AID-493-8019T	(294)	S
Total	<u>\$ 48,553</u>	

Claimed Costs Exceeded Amounts Authorized

In six of the 19 contracts/grants that we audited, claimed costs exceeded the amounts authorized resulting in cost overruns, as follows:

<u>Contract/Grant Number</u>	<u>Cost Overruns</u>	<u>Reference Exhibit</u>
AID-0380	\$ 1,784	E
AID/PDC-G-1061	1,978	H
AID/ta-G-1237	11,897	I
AID/ASIA-G-1274	20,350	K
AID/afr-G-1385	7,325	L
AID/otr-1736	141	P
Total	<u>\$43,475</u>	

WEI Did Not Comply With Cost-Sharing Agreement

Through Grant No. AID/PDC-G-1036, AID authorized \$300,000 for WEI over a 12-month period (from April 1, 1981 through March 31, 1982). The agreement stipulated that WEI provide \$300,000 in matching funds. Amendment No. 5, effective August 31, 1982,

extended the grant to August 31, 1983, increased AID funding to \$405,000, and continued the matching provisions at 50/50.

As of June 30, 1982, WEI had incurred audited, acceptable costs of \$300,555 under this grant. We have prorated 50 percent of these costs to WEI, in accordance with grant terms, resulting in an adjustment of \$150,277. Details are presented in Exhibit G. FRLC drawdowns under this grant are discussed further in following paragraphs of this report.

Overhead Proposals Were Reasonable

As in the case of direct costs, overhead proposals were based on financial statements prepared by the CPA firm. We found the proposals for Fiscal Years ended June 30, 1979, 1980 and 1981, to be reasonable, and recommend the proposed rates be accepted as final rates. An overhead rate proposal for Fiscal Year 1982 is to be prepared when the CPA firm completes its current review and issues a financial report. Details pertaining to proposed rates are summarized below and detailed in Exhibit T.

<u>Fiscal Year</u>	<u>Proposed and Recommended Rate</u>
1979	32.86%
1980	36.56%
1981	56.90%
1982 (Provisional until amended)	36.00%

These recommended overhead rates, applied to total costs accepted by the audit, resulted in a net overhead adjustment of \$(4,979), as follows:

<u>Contract/Grant Number</u>	<u>Overhead Adjustment</u>	<u>Reference Exhibit</u>
AID/SOD/PDC-G-0072	\$ 50,474	B
AID/DSPE-C-0090	(821)	C
AID-367-0144	117	D
AID-0380	(3,449)	E
AID-497-0225-G-1014	(3,693)	F
AID/PDC-G-1036	5,413	G
AID/ta-G-1237	(15,792)	I
AID/ASIA-G-1269	3,239	J
AID/ASIA-G-1274	(21,448)	K
AID/afr-G-1385	(9,644)	L
AID/afr-G-1390	3,433	M
AID/afr-G-1394	(6,539)	N
AID/ta-C-1455	(6,634)	O
AID/otr-1736	(110)	P
AID/otr-G-1779	(7,984)	Q
AID-493-7002T	6,809	R
AID-493-8019T	1,650	S
Total	<u>\$(4,979)</u>	

WEI Was Reimbursed \$95,896 In Excess Of Claimed Costs

As of June 30, 1982, WEI had received funds, through FRLC advances and reimbursement vouchers, that were \$95,896 in excess of claimed costs, as detailed below. AID is entitled to a refund for these overpayments.

<u>Contract/Grant Number</u>	<u>Costs Claimed</u>	<u>Reimbursement Received</u>	<u>Excess Reimbursement</u>	<u>Reference Exhibit</u>
AID/SOD/PDC-G-0072	\$ 934,822	\$ 930,819 */	\$(4,003)	B
AID/DSPE-C-0090	8,534	8,137	(397)	C
AID-367-0144	59,704	56,750 */	(2,954)	D
AID-497-0225-G-1014	109,732	108,200	(1,532)	F
AID/PDC-G-1036	305,968	244,511 */	(61,457)	G
AID/PDC-G-1061	43,634	41,656	(1,978)	H
AID/ta-G-1237	421,254	425,000	3,746	I
AID/ASIA-G-1269	294,818	311,525	16,707	J
AID/ASIA-G-1274	360,766	356,174	(4,592)	K
AID/afr-G-1385	203,468	206,000	2,532	L
AID/afr-G-1390	273,523	274,021 */	498	M
AID/afr-G-1394	369,098	451,000 */	81,902	N
AID/ta-C-1455	369,867	366,720	(3,147)	O
AID/otr-G-1779	162,429	233,000 */	70,571	Q
Total	<u>\$3,917,617</u>	<u>\$4,013,513</u>	<u>\$ 95,896</u>	

*/ Funds received through FRLC drawdowns.

Recommendation No. 1

The Office of Contract Management (M/SER/CM) should initiate action to obtain refunds from WEI, in settlement of audit adjustments presented in Exhibits A through S:

Costs questioned	\$237,326
Overpayments as of June 30, 1982--Reimbursements in excess of claimed costs	<u>95,896</u>
Total	<u>\$333,222</u>

Recommendation No. 2

The Office of Contract Management should finalize overhead rates for Fiscal Years 1979, 1980 and 1981, as presented in Exhibit T. The provisional rate of 36 percent should be continued for the subsequent period, until amended.

FRLC Drawdowns Were Excessive and Not Appropriately Used

Under FRLC procedures, contractors and grantees are supposed to drawdown advance funds solely to cover anticipated needs under their contracts/grants for the ensuing period. In two instances, under Grant Numbers AID/afr-G-1394 and AID/otr-G-1779, drawdowns were unusually excessive, as shown in the following comparisons:

	<u>Total Costs Claimed</u>	<u>Total Drawdowns</u>	<u>Excess Drawdowns</u>	<u>Percentage of Excess to Total Costs</u>
AID/afr-G-1394	\$369,098	\$451,000	\$ 81,902	22%
AID/otr-G-1779	<u>162,429</u>	<u>233,000</u>	<u>70,571</u>	43%
Total	<u>\$531,527</u>	<u>\$684,000</u>	<u>\$152,473</u>	

Excess drawdowns were used in paying costs not contemplated by FRLC procedures. They were used to finance: contract/grant cost overruns; programs of other AID grants; activities not authorized

for AID funding, such as WEI's share of costs under Matching Grant AID/PDC-G-1036; and expenses in excess of those covered by the provisional 36 percent overhead rate.

Under the matching grant, WEI withdrew \$94,233 in excess of their 50/50 share of allowable costs from the FRLC. The grant's status as of June 30, 1982, was as follows:

Total drawdowns		\$244,511
Total costs booked	\$305,968	
Less: Overhead questioned by Audit	<u>5,413</u>	
Total costs accepted	\$300,555	
Less: WEI's 50 percent share of costs	<u>150,277</u>	
AID's share of costs		<u>150,278</u>
Excess drawdowns (used to finance WEI's share of costs)		<u>\$ 94,233</u>

It is our opinion that the granting of a Federal Reserve Letter of Credit is an act of trust, and any breach of that trust warrants termination of the FRLC. WEI made excessive withdrawals from the FRLC and used the proceeds to finance costs not authorized under the agreements with AID. Examples of unauthorized expenditures made by WEI from FRLC funds are cost overruns, cost of programs of other AID grants, and WEI's share of costs under the matching grant. We believe that these actions constitute a breach of trust, and for that reason, M/SER/CM should discontinue the FRLC method of financing WEI programs.

Recommendation No. 3

The Office of Contract Management should discontinue the FRLC method of financing WEI programs.

AID Did Not Monitor and/or Control Funds Advanced to WEI

The Office of Financial Management (M/FM/PAD) did not effectively monitor WEI's drawdowns from the FRLC. M/FM/PAD personnel processing the financial reports are required to determine if excess funds are being withdrawn and whether the financial reports are received in a timely manner in accordance with the terms of the grant. Since irregularities did occur in both drawdowns and reporting, M/FM/PAD should have been aware of them and should have brought these matters to the attention of the AID Contracting Officer. This was not done. For example, WEI made the following report on the matching grant in an April 15, 1982 letter to M/FM/PAD:

"As of 2/28/82 our records indicate that we have expended \$176,184 in fulfillment of the terms of the Grant. We have drawn \$113,100 from the FRLC and have provided Matching Grant funds from private sources in the amount of \$63,084."

WEI's letter advertised the fact that they were not meeting the 50/50 cost-sharing requirement of the matching grant, but M/FM/PAD did nothing about it. WEI's shortfall as of February 28, 1982, was \$25,008 (50 percent of costs - \$88,092, less WEI contribution - \$63,084). By June 30, 1982, four months later, the shortfall had increased to \$94,233, as reported above. M/FM/PAD, after receiving the April 15, 1982 letter, should have notified M/SER/CM of WEI's noncompliance with grant terms. Some of the shortfall might have been averted.

M/FM/PAD prematurely reduced the funds authorized under FRLC No. 72-00-1109 by \$164,310. This deobligation, applicable to 4 of the 11 grants under the FRLC, was made before final costs were negotiated, and without notification to either WEI or the Contracting Officer. WEI's actual drawdowns under the four grants were at, or near, the levels originally authorized. As a result, drawdowns under the four grants exceeded the amounts authorized by a total of \$158,818. Of less serious consequence, M/SER/CM's grant records differed from those of M/FM by \$164,310.

A summary of funds obligated, authorized, and withdrawn, by grant, is as follows:

<u>Funds Under FRLC No. 72-00-1109</u>					
<u>Grant No.</u>	<u>Obligated by M/SER/CM</u>	<u>Deobligated by M/FM/PAD</u>	<u>Authorized by M/FM/PAD</u>	<u>WEI Draw-downs</u>	<u>Drawdowns In Excess Of Authorizations</u>
AID/afr-G-1385	\$206,000	\$ 2,532	\$203,468	\$206,000	\$ 2,532
AID/afr-G-1390	174,021	181	173,840	174,021	181
AID/afr-G-1394	345,954	87,755	258,199	341,000	82,801
AID/otr-G-1779	<u>233,538</u>	<u>73,842</u>	<u>159,696</u>	<u>233,000</u>	<u>73,304</u>
Total	<u>\$959,513</u>	<u>\$164,310</u>	<u>\$795,203</u>	<u>\$954,021</u>	<u>\$158,818</u>

Recommendation No. 4

The Office of Financial Management (M/FM/PAD) should reinstate the \$164,310 erroneously deobligated from FRLC No. 72-00-1109.

The errors described above occurred partly because M/FM/PAD monitors FRLC drawdowns on a consolidated or total basis. Individually, 5 of the 11 grants under FRLC No. 72-00-1109 were overdrawn. On a consolidated basis, funds in the amount of \$292,813 were available as of November 4, 1982, as shown in the following summary:

<u>Grant No.</u>	<u>Funds Available/ (Overdrawn)</u>
AID/SOD/PDC-G-0072	\$ -0-
AID/SOD/PDC-G-0380	-0-
AID/SOD/PDC-G-2142	-0- */
AID/afr-G-1385	(2,532)
AID/afr-G-1390	(181)
AID/afr-G-1394	(82,801)
AID/otr-G-1779	(73,304)
AID/PDC-G-1036	(59,911)
AID-367-0144	133,250
AID-497-1014	110,963
AID-493-2049	<u>267,329</u> */
Total	<u>\$ 292,813</u>

*/ Grants awarded after audit cut-off date.

WEI's record of not complying with matching grant cost-sharing requirements and overdrawing individual grants under the FRLC points out the need for M/FM/PAD to strengthen its monitoring procedures.

Recommendation No. 5

The Office of Financial Management should establish controls, on an individual grant basis, to ensure that WEI complies with cost-sharing requirements of the matching grant.

WEI Was Delinquent In Submitting Required Financial Reports

AID contracts and grants require the periodic submission to AID of financial reports showing the current status of cash disbursements and balances. Our review of the payment records in the Office of Financial Management disclosed that financial reports on the current status of cash disbursements and balances have not been submitted by WEI since March 31, 1982.

Recommendation No. 6

The Office of Contract Management, in conjunction with the Office of Financial Management, should obtain the past due reports from WEI and require WEI to submit current reports when due.

Financial Management of Subgrants Should Be Improved

Until recently, WEI's procedures for recording costs and preparing periodic billings and/or financial status reports to AID were deficient. A subsidiary job-cost ledger, by contract/grant, was maintained. However, the cost data in the financial records did not accurately record actual costs, and the costs billed were never reconciled to the actual costs incurred. In neither case did costs claimed relate to funds drawn down or amounts reimbursed.

During Fiscal Year 1983, the accounting problems were substantially alleviated. A new accounting system that meets acceptable standards was being installed. However, the present

management of WEI had not established a definitive plan for effective financial management of subgrants. The subgrant files developed to date were not adequate to ensure that subgrant funds advanced were spent and accounted for in accordance with the purpose of the subgrant.

Recommendation No. 7

The Office of Contract Management should require WEI to establish procedures and records to properly control subgrant funds.

WEI's Financial Condition Is Precarious

WEI is experiencing severe financial difficulties. In October 1982, WEI estimated that it was overextended by an amount between \$300,000 and \$400,000, and was considering filing for bankruptcy. It is questionable whether WEI has the capability of repaying the \$333,222 refund due AID.

FVA/PVC believes that WEI has performed well in the past and it could be in AID's interest to go to extraordinary lengths to keep them financially viable. FVA/PVC was exploring ways of keeping WEI operational. Among plans considered was the elimination of matching grant cost-sharing requirements.

While WEI may have done excellent work in the past, we are not sure that they have the current capacity to perform equally well in the future. For example, WEI's Chief Executive Officer recently fired essentially all of the U.S. staff (in New York City) and relocated the office in Boston. This would seem to drastically change WEI capability.

If a decision is made to attempt to salvage WEI, FVA/PVC should be sure that they do, in fact, have unique or outstanding capabilities, useful to AID, that can be called upon in the future.

Recommendation No. 8

The Office of Private and Voluntary Cooperation (FVA/PVC) should assure that WEI has the capability to perform well for AID in future endeavors prior to going to extraordinary lengths to keep them financially viable.

Review of
WORLD EDUCATION, INCORPORATED

List of Report Recommendations

Recommendation No. 1

The Office of Contract Management (M/SER/CM) should initiate action to obtain refunds from WEI, in settlement of audit adjustments presented in Exhibits A through S:

Costs questioned	\$237,326
Overpayments as of June 30, 1982--Reimbursements in excess of claimed costs	<u>95,896</u>
Total	<u>\$333,222</u>

Recommendation No. 2

The Office of Contract Management should finalize overhead rates for Fiscal Years 1979, 1980 and 1981, as presented in Exhibit T. The provisional rate of 36 percent should be continued for the subsequent period, until amended.

Recommendation No. 3

The Office of Contract Management should discontinue the FRLC method of financing WEI programs.

Recommendation No. 4

The Office of Financial Management (M/FM/PAD) should reinstate the \$164,310 erroneously deobligated from FRLC No. 72-00-1109.

Review of
WORLD EDUCATION, INCORPORATED

List of Report Recommendations

Recommendation No. 5

The Office of Financial Management should establish controls, on an individual grant basis, to ensure that WEI complies with cost-sharing requirements of the matching grant.

Recommendation No. 6

The Office of Contract Management, in conjunction with the Office of Financial Management, should obtain the past due reports from WEI and require WEI to submit current reports when due.

Recommendation No. 7

The Office of Contract Management should require WEI to establish procedures and records to properly control subgrant funds.

Recommendation No. 8

The Office of Private and Voluntary Cooperation (FVA/PVC) should assure that WEI has the capability to perform well for AID in future endeavors prior to going to extraordinary lengths to keep them financially viable.

Review of

WORLD EDUCATION, INCORPORATED (WEI)

Contract No. AID/SOD/PDC-C-0192

Summary of Costs Claimed and Accepted

For the Period July 3, 1979 Through August 27, 1980

<u>Work Order No.</u>	<u>Country</u>	<u>Period</u>	<u>Fixed Daily Rate</u>	<u>Other Direct Costs</u>	<u>Total Costs Accepted</u>
1	Morocco	7/3/79-8/31/79	\$15,473	\$11,069	\$26,542
2	Cameroon	1/23/80-4/15/80	5,729	3,369	9,098
3	Lesotho	8/1/80-8/27/80	<u>4,447</u>	<u>3,502</u>	<u>7,949</u>
		Total Costs	<u>\$25,649</u>	<u>\$17,940</u>	<u>\$43,589</u>
		Total Reimbursed			<u>\$43,589</u>

WORLD EDUCATION, INCORPORATED (WEI)
 Grant No. AID/SOD/PDC-G-0072 (Global)
 Summary of Costs Claimed and Accepted
 For the Period April 1, 1978 Through June 30, 1982

	Costs	Current Period (7/1/78-6/30/82)		Total Costs Accepted ^{3/} 6/30/82
	Accepted 6/30/78	Costs Claimed	Direct Costs Questioned	
Salaries and Benefits	\$ 58,195	\$404,613	\$ -0-	\$ -0-
Other Direct Costs	15,147	147,878	-0-	-0-
Overhead	<u>28,826</u>	<u>280,163</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$102,168</u>	<u>\$832,654</u>	<u>\$ (1,398)</u> ^{1/}	<u>\$ 50,474</u> ^{2/} \$885,746
Funds Drawn Down				<u>930,819</u> ^{4/}
Refund Due AID				<u>\$ 45,073</u>

Explanatory Notes:

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details by line item were not available.
- 2/ Represents adjustment of provisional overhead to actual for the fiscal years ended June 30, 1979, 1980 and 1981. The overhead adjustment for fiscal year ended June 30, 1982 will be made at a later date.

Overhead Claimed				\$280,163
<u>Overhead Accepted:</u>				
Total Direct Costs (7/1/78-6/30/79)	\$246,392			
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>		\$80,964	
Total Direct Costs (7/1/79-6/30/80)	202,274			
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>		73,951	
Total Direct Costs (7/1/80-6/30/81)	131,381			
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>		74,756	
Total Direct Costs (7/1/81-6/30/82)	50			
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>		<u>18</u>	<u>229,689</u>
Amount Questioned				<u>\$ 50,474</u>

- 3/ Includes costs booked in FY 1982 but incurred prior to the expiration date of June 30, 1981.
- 4/ Represents funds drawn down under a Federal Reserve Letter of Credit (FRLC No. 72-00-1109) through June 30, 1982.

WORLD EDUCATION, INCORPORATED (WEI)
 Contract No. AID/DSPE-C-0090 (St. Lucia)
 Summary of Costs Claimed and Accepted
 For the Period September 30, 1980 Through June 30, 1982

	Costs Claimed	Audit Adjustments		Total Costs Accepted 6/30/82
		Direct Costs Questioned	Overhead Questioned	
Salaries	\$1,268	\$ -0-	\$ -0-	
Fringe Benefits	204	-0-	-0-	
Consultant	1,500	-0-	-0-	
Travel	2,796	-0-	-0-	
Other Direct Costs	507	-0-	-0-	
Overhead	<u>2,259</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$8,534</u>	<u>\$ (373)</u> ^{1/}	<u>\$ (821)</u> ^{2/}	\$9,728
Amount Reimbursed (Voucher Nos. 1-3)				<u>8,137</u>
Amount Due WEI				<u>\$ (1,591)</u>

Explanatory Notes:

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1982 as tabulated by Coopers and Lybrand in their annual financial statements. Details by line item were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Year Ended June 30, 1981. The overhead adjustment for Fiscal Year Ended June 30, 1982 will be made at a later date.

Overhead Claimed \$2,259

Overhead Accepted :

Total Direct Costs (9/30/80 - 6/30/81)	\$3,285		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	\$1,869	
Total Direct Costs (7/1/81 - 6/30/82)	\$3,363		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	<u>1,211</u>	<u>3,080</u>
Additional Overhead Due WEI			<u>\$ (821)</u>

Review of
WORLD EDUCATION, INCORPORATED (WEI)

EXHIBIT D

Grant No. AID-367-0144 (Nepal)
Summary of Costs Claimed and Accepted
For the Period August 27, 1981 Through June 30, 1982

	<u>Costs Claimed</u>	<u>Audit Adjustments</u>		<u>Total Costs Accepted 6/30/82</u>
		<u>Direct Costs Questioned</u>	<u>Overhead Questioned</u>	
Personnel Costs	\$19,521	\$ -0-	\$ -0-	
Fringe Benefits	4,490	-0-	-0-	
Travel & Transportation	2,185	-0-	-0-	
Allowances	102	-0-	-0-	
Other Direct Costs	604	-0-	-0-	
Overhead	9,802	-0-	-0-	
Subgrants	<u>23,000</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$59,704</u>	<u>\$ -0-</u> ^{1/}	<u>\$ 117</u> ^{2/}	\$ 59,587 ^{3/}
Funds Drawn Down				<u>56,750</u>
Amount Due WEI				<u>\$ (2,837)</u>

Explanatory Notes :

- 1/ Difference between costs claimed and costs incurred through June 30, 1982 are deferred until financial statements for FY 1982 have been prepared by Coopers and Lybrand.
- 2/ Represents adjustment of claimed overhead to the provisional rate of 36 percent. The overhead adjustment for Fiscal Year Ended June 30, 1982 will be made at a later date.

Overhead Claimed	\$9,802
<u>Overhead Accepted</u> : (\$26,902 X 36%)	<u>9,685</u>
Amount Questioned	<u>\$ 117</u>

- 3/ Represents funds drawn down under Federal Reserve Letter of Credit (FRLC No. 72-00-1109) through June 30, 1982.

WORLD EDUCATION, INCORPORATED (WEI)

Grant No. AID/SOD/PDC-G-0380

Summary of Costs Claimed and Accepted

For the Period July 1, 1980 Through February 1, 1981

	Costs Claimed	Audit Adjustments		Total Costs Accepted 2/1/81
		Direct Costs Questioned	Overhead Questioned	
Salaries	\$6,102	\$ -0-	\$ -0-	
Fringe Benefits	1,403	-0-	-0-	
Consultants	1,468	-0-	-0-	
Project Documentation	9,625	-0-	-0-	
Distribution Costs	2,612	-0-	-0-	
Other Direct Costs	9	-0-	-0-	
Overhead	<u>7,681</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$28,900</u>	<u>\$ 1,665</u> ^{1/}	<u>\$(3,449)</u> ^{2/}	\$30,684
Less: Cost Overrun				<u>1,784</u>
Net Total Accepted				<u>\$28,900</u>
Funds Drawn Down				<u>\$28,900</u> ^{3/}

Explanatory Notes:

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details by line item were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Year Ended June 30, 1981, as shown below:

Overhead Claimed \$7,681

Overhead Accepted:

Total Direct Costs (7/1/80 - 2/1/81) \$19,560
 Recommended Overhead Rate (Exhibit T) 56.90%

Amount Accepted 11,130

Additional Overhead Due WEI \$(3,449)

- 3/ Represents funds drawn down under Federal Reserve Letter of Credit (FRLC) No. 72-00-1109 through February 1, 1981.

Review of

WORLD EDUCATION, INCORPORATED (WEI)

Grant No. AID-497-0225-G-00-1014 (Indonesia)
 Summary of Costs Claimed and Accepted
 For the Period January 1, 1981 Through June 30, 1982

	Costs Claimed	Audit Adjustments		Total Costs Accepted 6/30/82
		Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$25,488	\$ -0-	\$ -0-	
Fringe Benefits	5,447	-0-	-0-	
Consultant Fees	14,787	-0-	-0-	
Travel and Per. Diem	20,818	-0-	-0-	
Allowances	2,175	-0-	-0-	
Other Direct Costs	4,618	-0-	-0-	
Overhead	26,399	-0-	-0-	
Subgrant Costs	10,000	-0-	-0-	
Total	<u>\$109,732</u>	<u>\$ -0- ^{1/}</u>	<u>\$ (3,693) ^{2/}</u>	\$113,425
Funds Drawn Down				<u>108,200 ^{3/}</u>
Difference Due WEI				<u>\$ (5,225)</u>

Explanatory Notes:

- ^{1/} Difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements.
- ^{2/} Represents adjustment of provisional overhead to actual for Fiscal Year Ended June 30, 1981. The overhead adjustment for Fiscal Year Ended June 30, 1982 will be made at a later date.

Overhead Claimed \$26,399

Overhead Accepted :

Total Direct Costs (1/1/81 - 6/30/81)	\$17,666		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	\$10,052	
Total Direct Costs (7/1/81 - 6/30/82)	\$55,667		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	<u>20,040</u>	<u>30,092</u>
Additional Overhead Due WEI			<u>\$ (3,693)</u>

- ^{3/} Represents funds drawn down under Federal Reserve Letter of Credit (FRLC No. 72-00-1109) through June 30, 1982..

WORLD EDUCATION, INCORPORATED (WEI)

Grant No. AID/PDC-0173-G-SS-1036-00 (Global)
 Summary of Costs Claimed and Accepted
 For the Period April 1, 1981 Through June 30, 1982

	Costs Claimed	Audit Adjustments		Non- AID Contribution	Costs Accepted 6/30/82
		Direct Costs Questioned	Overhead Questioned		
Personnel Costs	\$75,061	\$ -0-	\$ -0-	\$ -0-	
Fringe Benefits	18,994	-0-	-0-	-0-	
Consultant Fees	6,791	-0-	-0-	-0-	
Travel and Per Diem	29,959	-0-	-0-	-0-	
Allowances	4,742	-0-	-0-	-0-	
Other Direct Costs	12,623	-0-	-0-	-0-	
Overhead	62,790	-0-	-0-	-0-	
Subgrant Costs	95,008	-0-	-0-	-0-	
Total	\$305,968	\$ -0- ^{1/}	\$ 5,413 ^{2/}	\$150,277 ^{3/}	\$150,278
Funds Drawn Down					<u>244,511 ^{4/}</u>
Refund Due AID					<u>\$ 94,233</u>

Explanatory Notes :

- 1/ Difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements.
- 2/ Represents adjustment of provisional overhead to actual for Fiscal Year Ended June 30, 1981. The overhead adjustment for Fiscal Year Ended June 30, 1982 will be made at a later date.

Overhead Claimed \$62,790

Overhead Accepted :

Total Direct Costs (4/1/81 - 6/30/81)	\$19,307		
Recommended Overhead Rate (Exhibit T)	56.90%	\$10,986	
Total Direct Costs (7/1/81 - 6/30/82)	\$128,863		
Provisional Overhead Rate (Exhibit T)	36.00%	46,391	57,377
Amount Questioned			<u>\$ 5,413</u>

- 3/ Under the terms of the grant, WEI is required to match AID dollar for dollar. Therefore, costs accepted are reduced 50 percent, as shown below:

Costs Claimed	\$305,968	
Less: Costs Questioned	<u>5,413</u>	
Net Total		\$300,555
Matching Requirement		<u>50%</u>
Costs Accepted		<u>\$150,278</u>

- 4/ Represents funds drawn down under Federal Reserve Letter of Credit (FRLC No. 72-00-1109) through June 30, 1982.

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Contract No. AID/PDC-1406-1-00-1061-00
Summary of Costs Claimed and Accepted
For the Period September 30, 1981 through March 17, 1982

<u>Work Order No.</u>	<u>Country</u>	<u>Period</u>	<u>Fixed Daily Rate</u>	<u>Other Direct Costs</u>	<u>Less Cost Overrun</u>	<u>Total Costs Accepted</u>
1	Ghana	9/30/81-1/30/82	\$12,535	\$6,263	\$1,680	\$17,118
2	Lesotho	10/26/81-12/14/81	3,792	3,806	298	7,300
3	Lesotho	1/15/82-2/19/82	5,227	4,215	-0-	9,442
4	Lesotho	2/10/82-3/17/82	<u>4,072</u>	<u>3,724</u>	<u>-0-</u>	<u>7,796</u>
	Total Costs		<u>\$25,626</u>	<u>\$18,008</u>	<u>\$1,978</u>	<u>\$41,656</u>
	Total Reimbursed					<u>\$41,656</u>

Review of.

WORLD EDUCATION, INCORPORATED (WEI)

Grant No. AID/ta-G-1237 (Global)

Summary of Costs Claimed and Accepted

For the Period June 30, 1975 Through November 30, 1978

	Costs Accepted 6/30/78	Current Period (7/11/78-11/30/78)		Total Costs Accepted 11/30/78
		Costs Claimed	Direct Costs Questioned	
Personnel Costs	\$150,245	\$ 22,097	\$ -0-	\$ -0-
Fringe Benefits	30,273	3,258	-0-	-0-
Consultant Fees	18,554	13,023	-0-	-0-
Travel and Per Diem	48,986	19,725	-0-	-0-
Other Direct Costs	29,492	5,904	-0-	-0-
Publications	-0-	2,655	-0-	-0-
Overhead	70,971	6,066	-0-	-0-
Total	<u>\$348,521</u>	<u>72,733</u>	<u>\$ 149</u> ^{1/}	<u>\$ (15,792)</u> ^{2/}
Less: Cost Overrun				<u>11,897</u>
Net Total Accepted				<u>\$425,000</u>
Costs Reimbursed (Voucher Nos. 1 - 14)				<u>\$425,000</u>

Explanatory Notes :

- 1/ Represents difference between costs claimed and costs incurred per the financial statements prepared by Coopers & Lybrand. Details by line item were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Year Ended June 1979.

Overhead Claimed \$ 6,066

Overhead Accepted:

Total Direct Costs (7/1/78-11/30/78) \$66,518
 Recommended Overhead Rate (Exhibit T) 32.86%

Amount Accepted 21,858

Additional Amount Due WEI \$ (15,792)

EXHIBIT J

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/ASIA-G-1269 (Indonesia)
Summary of Costs Claimed and Accepted
For the Period September 1, 1977 Through August 31, 1981

	Costs Accepted 6/30/78	Current Period (7/1/78-8/31/81)			Total Costs Accepted 8/31/81
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$ 14,676	\$ 59,679	\$ -0-	\$ -0-	
Consultant Fees	301	4,543	-0-	-0-	
Fringe Benefits	1,673	9,145	-0-	-0-	
Travel	6,091	20,812	-0-	-0-	
Per Diem	4,451	-0-	-0-	-0-	
Subgrant Costs	35,556	71,014	-0-	-0-	
Other Direct Costs	1,730	10,379	-0-	-0-	
Allowances	-0-	6,170	-0-	-0-	
Overhead	<u>8,283</u>	<u>40,315</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$72,761</u>	<u>\$222,057</u>	<u>\$23,603</u>	<u>\$3,239</u>	\$267,976
Amount Reimbursed (Voucher Nos. 1-11)					\$261,525
Plus: Unliquidated Advance					<u>50,000</u>
Total Reimbursed					<u>311,525</u> 3/
Refund Due AID					<u>\$43,549</u>

Exhibit J Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/ASIA-G-1269 (Indonesia).
Summary of Costs Claimed and Accepted
For the Period September 1, 1977 Through August 31, 1981

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, 1980, and 1981. The overhead adjustment for Fiscal Year ended June 30, 1982, will be made at a later date.

Overhead Claimed \$40,315

Overhead Accepted:

Total Direct Costs (7/1/78-6/30/79)	\$17,580		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$ 5,777	
Total Direct Costs (7/1/79-6/30/80)	\$40,871		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	14,942	
Total Direct Costs (7/1/80-6/30/81)	\$28,874		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	16,429	
Total Direct Costs (7/1/81-8/31/81)	(\$200)		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	(72)	<u>37,076</u>
Amount Questioned			<u>\$3,239</u>

- 3/ The total amount reimbursed to WEI exceeded the ceiling price of the grant by \$29,345. The Antideficiency Act prohibits the payment of funds in excess of contract obligations.

Amount Paid by Public Vouchers (Nos. 1-11)	\$261,525
Plus: Advance Payment	<u>50,000</u>
Total Paid	\$311,525
Grant Ceiling	<u>282,180</u>
Amount Overpaid	<u>\$29,345</u>

EXHIBIT K

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Grant AID/ASIA-G-1274 (Nepal)
 Summary of Costs Claimed and Accepted
For the Period October 1, 1977 Through February 15, 1982

	Costs Accepted 6/30/78	Current Period (7/1/78-2/15/82)			Total Costs Accepted 2/15/82
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$ 19,367	\$ 76,632	\$ -0-	\$ -0-	
Fringe Benefits	1,990	7,772	-0-	-0-	
Consultant Fees	220	6,720	-0-	-0-	
Travel & Per Diem	4,092	18,671	-0-	-0-	
Allowances	4,821	15,552	-0-	-0-	
Other Direct Costs	901	13,579	-0-	-0-	
Overhead	11,027	45,452	-0-	-0-	
Subgrants	<u>24,000</u>	<u>109,970</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$66,418</u>	<u>\$294,348</u>	<u>\$4,047</u> ^{1/}	<u>(\$21,448)</u> ^{2/}	\$378,167
Less: Cost Overrun					<u>20,350</u>
Net Total Accepted					\$357,817
Amount Reimbursed (Voucher Nos. 1-14)					<u>\$356,174</u>
Amount Due WEI					<u>(\$1,643)</u>

Exhibit K Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/ASIA-G-1274 (Nepal)
Summary of Costs Claimed and Accepted
For the Period October 1, 1977 Through February 15, 1982

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, 1980, and 1981.

Overhead Claimed			\$45,452
<u>Overhead Accepted:</u>			
Total Direct Costs (7/1/78-6/30/79)	\$44,420		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$14,596	
Total Direct Costs (7/1/79-6/30/80)	\$46,479		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	16,993	
Total Direct Costs (7/1/80-6/30/81)	\$60,573		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	34,466	
Total Direct Costs (7/1/81-2/1/82)	\$ 2,348		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	<u>845</u>	<u>66,900</u>
Additional Overhead Due WEI			<u>(\$21,448)</u>

EXHIBIT L

Review of

WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/Afr-G-1385 (Sudan)
Summary of Costs Claimed and Accepted
For the Period December 8, 1977 Through April 4, 1980

	Costs Accepted 6/30/78	Current Period (7/1/78-4/4/80)			Total Costs Accepted 4/4/80
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Salaries	\$ 14,466	\$ 36,199	\$ -0-	\$ -0-	
Benefits	1,457	4,468	-0-	-0-	
Travel	2,621	24,033	-0-	-0-	
Allowances	13,364	4,727	-0-	-0-	
Subgrants	3,000	13,766	-0-	-0-	
Other Direct Costs	844	41,647	-0-	-0-	
Overhead	8,350	30,761	-0-	-0-	
Consultants	<u>-0-</u>	<u>3,765</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$44,102</u>	<u>\$159,366</u>	<u>(\$213)</u> ^{1/}	<u>(\$9,644)</u> ^{2/}	\$213,325
Less: Cost Overrun					<u>7,325</u>
Net Total Accepted					<u>\$206,000</u>
Funds drawn down					<u>\$206,000</u> ^{3/}

Exhibit L Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/Afr-G-1385 (Sudan)
Summary of Costs Claimed and Accepted
For the Period December 8, 1977 Through April 4, 1980

1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.

2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, and 1980, as shown below:

Overhead Claimed \$30,761

Overhead Accepted:

Total Direct Costs (7/1/78-6/30/79)	\$44,820		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$14,728	
Total Direct Costs (7/1/79-4/4/80)	\$70,232		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	<u>25,677</u>	<u>40,405</u>
Additional Overhead Due WEI			<u>(\$9,644)</u>

3/ Represents funds drawn down under a Federal Reserve Letter of Credit (FRLC) through April 4, 1980.

EXHIBIT M

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Grant AID/afr-G-1390 (Ethiopia)
 Summary of Costs Claimed and Accepted
For the Period January 12, 1978 Through January 31, 1980

	Costs Accepted 6/30/78	Current Period (7/1/78-1/31/80)			Total Costs Accepted 1/31/80
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$684	\$ 25,297	\$ -0-	\$ -0-	
Fringe Benefits	82	3,329	-0-	-0-	
Consultant Fees	-0-	5,048	-0-	-0-	
Travel & Per Diem	-0-	11,480	-0-	-0-	
Other Direct Costs	340	12,609	-0-	-0-	
Overhead Costs (Admin.)	214	23,687	-0-	-0-	
Materials & Supplies	753	-0-	-0-	-0-	
Subgrants	<u>54,000</u>	<u>136,000</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$56,073</u>	<u>\$217,450</u>	<u>\$147</u> ^{1/}	<u>\$3,433</u> ^{2/}	\$269,943
Funds drawn down					<u>274,021</u> ^{3/}
Refund Due AID					<u>\$4,078</u>

Exhibit M Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/afr-G-1390 (Ethiopia) .
Summary of Costs Claimed and Accepted
For the Period January 12, 1978 Through January 31, 1980

- 1/ Represents difference between costs claimed and costs incurred, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, and 1980, as shown below:

Overhead Claimed \$23,687

Overhead Accepted:

Total Direct Costs (7/1/78-6/30/79)	\$21,904		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$ 7,198	
Total Direct Costs (7/1/79-1/31/80)	\$35,712		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	<u>13,056</u>	<u>20,254</u>
Amount Questioned			<u>\$3,433</u>

- 3/ Represents funds drawn down under two Federal Reserve Letters of Credit through January 31, 1980.

FRLC No. 72-00-1108	\$100,000
FRLC No. 72-00-1109	<u>174,021</u>
Total Funds drawn down	<u>\$274,021</u>

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Grant AID/afr-G-1394 (Ghana)
 Summary of Costs Claimed and Accepted
 For the Period January 25, 1978 Through June 30, 1982

	Costs Accepted 6/30/78	Current Period (7/1/78-6/30/82)			Total Costs Accepted 6/30/82	3/
		Costs Claimed	Direct Costs Questioned	Overhead Questioned		
Salaries	\$ 16,742	\$ 78,691	\$ -0-	\$ -0-		
Consultant Fees	4,200	20,595	-0-	-0-		
Travel	7,043	30,882	-0-	-0-		
Allowance	10,304	24,140	-0-	-0-		
Other Direct Costs	722	24,628	-0-	-0-		
Subgrant Costs	27,992	47,546	-0-	-0-		
Overhead	18,383	57,114	-0-	-0-		
Documentation	<u>-0-</u>	<u>116</u>	<u>-0-</u>	<u>-0-</u>		
Total	<u>\$85,386</u>	<u>\$283,712</u>	<u>\$956</u>	<u>1/ (\$6,539) 2/</u>	\$374,681	
Funds drawn down					<u>451,000</u>	4/
Refund Due AID					<u>\$76,319</u>	

Exhibit N Explanatory Notes

Review of

WORLD EDUCATION, INCORPORATED (WEI)

Grant AID/afr-G-1394 (Ghana)

Summary of Costs Claimed and Accepted

For the Period January 25, 1978 Through June 30, 1982

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, 1980, and 1981. The overhead adjustment for Fiscal Years ended June 30, 1982, will be made at a later date.

Overhead Claimed \$57,114

Overhead Accepted:

Total Direct Costs (7/1/78-6/30/79)	\$112,660		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$37,020	
Total Direct Costs (7/1/79-6/30/80)	\$51,432		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	18,903	
Total Direct Costs (7/1/80-6/30/81)	\$13,343		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	7,592	
Total Direct Costs (7/1/81-6/30/82)	\$661		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	<u>238</u>	<u>63,653</u>
Additional Overhead Due WEI			<u>(\$6,539)</u>

- 3/ Includes costs booked in FY 1982, but incurred prior to the expiration date of June 30, 1981.

- 4/ Represents funds drawn down under two Federal Reserve Letters of Credit through June 30, 1981.

FRLC No. 72-00-1107	\$110,000
FRLC No. 72-00-1109	<u>341,000</u>
Total Funds drawn down	<u>\$451,000</u>

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Contract AID/ta-C-1455 (Global)
 Summary of Costs Claimed and Accepted
 For the Period September 14, 1977 Through June 30, 1982

	Costs Accepted 6/30/78	Current Period (9/14/77-6/30/82)			Total Costs Accepted 6/30/82 3/
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$7,198	\$ 35,002	\$ -0-	\$ -0-	
Fringe Benefits	753	6,170	-0-	-0-	
Consultant Fees	20,394	54,889	-0-	-0-	
Travel & Per Diem	10,536	29,630	-0-	-0-	
Other Direct Costs	2,834	22,742	-0-	-0-	
Publications	-0-	15,655	-0-	-0-	
Overhead	3,891	55,701	-0-	-0-	
Subgrants	<u>29,641</u>	<u>74,831</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$75,247</u>	<u>\$294,620</u>	<u>(\$4,114)</u> 1/	<u>(\$6,634)</u> 2/	\$380,615
Amount Reimbursed (Voucher Nos. 1-12)					<u>366,720</u>
Amount Due WEI					<u>(\$13,895)</u>

Exhibit O Explanatory Notes

Review of

WORLD EDUCATION, INCORPORATED (WEI)
Contract AID/ta-C-1455 (Global)
Summary of Costs Claimed and Accepted
For the Period September 14, 1977 Through June 30, 1982

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, 1980, and 1981. The overhead adjustment for Fiscal Years ended June 30, 1982, will be made at a later date.

Overhead Claimed			\$55,701
<u>Overhead Accepted:</u>			
Total Direct Costs (7/1/78-6/30/79)	\$56,372		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$18,524	
Total Direct Costs (7/1/79-6/30/80)	\$95,308		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	34,845	
Total Direct Costs (7/1/80-6/30/81)	\$14,439		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	8,216	
Total Direct Costs (7/1/81-6/30/82)	\$2,033		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	750	<u>62,335</u>
Additional Overhead Due WEI			<u>(\$6,634)</u>

- 3/ Includes costs booked in FY 1982, but incurred prior to the expiration date of June 30, 1981.

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Grant AID/ctr-G-1736 (Caribbean)
 Summary of Costs Claimed and Accepted
For the Period April 14, 1979 Through April 15, 1980

	Costs Claimed	Audit Adjustments		Total Costs Accepted 4/15/80
		Direct Costs Questioned	Overhead Questioned	
Salaries	\$12,520	\$ -0-	\$ -0-	
Benefits	1,528	-0-	-0-	
Travel & Per Diem	1,024	-0-	-0-	
Other Direct Costs	1,099	-0-	-0-	
Overhead	<u>5,811</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$21,982</u>	<u>(\$31)</u> ^{1/}	<u>(\$110)</u> ^{2/}	\$22,123
Less: Cost Overrun				<u>141</u>
Net Total Accepted				<u>\$21,982</u>
Amount Reimbursed (Voucher Nos. 1-2)				<u>\$21,982</u>

1/ Represents difference between costs claimed and cost incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.

2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, and 1980, as shown below:

Overhead Claimed		\$5,811
<u>Overhead Accepted:</u>		
Total Direct Costs (4/14/79-6/30/79)	\$23	
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$8
Total Direct Costs (7/1/79-4/15/80)	\$16,171	
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	<u>5,913</u> <u>5,921</u>
Additional Overhead Due WEI		<u>(\$110)</u>

Review of
 WORLD EDUCATION, INCORPORATED (WEI)
 Grant AID/otr-G-1779 (Global)
 Summary of Costs Claimed and Accepted
For the Period September 30, 1979 Through March 31, 1982

	Costs Claimed	Audit Adjustments		Total Costs Accepted 3/31/82
		Direct Costs Questioned	Overhead Questioned	
Salaries	\$14,253	\$ -0-	\$ -0-	
Fringe Benefits	2,580	-0-	-0-	
Consultant Fees	19,544	-0-	-0-	
Travel & Per Diem	11,170	-0-	-0-	
Other Direct Costs	5,711	-0-	-0-	
Overhead	19,171	-0-	-0-	
Subgrant Costs	<u>90,000</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$162,429</u>	<u>\$ -0-</u> ^{1/}	<u>(\$7,984)</u> ^{2/}	\$170,413
Funds drawn down				<u>233,000</u> ^{3/}
Refund Due AID				<u>\$62,587</u>

Exhibit Q Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/otr-G-1779 (Global)
Summary of Costs Claimed and Accepted
For the Period September 30, 1979 Through March 31, 1982

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1980, and 1981. The adjustment of overhead for Fiscal Years ended June 30, 1982, will be made at a later date.

Overhead Claimed \$19,171

Overhead Accepted:

Total Direct Costs (9/30/79-6/30/80)	\$9,180		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	\$ 3,356	
Total Direct Costs (7/1/80-6/30/81)	\$37,947		
Recommended Overhead Rate (Exhibit T)	<u>56.90%</u>	21,592	
Total Direct Costs (7/1/81-3/31/82)	\$ 6,131		
Provisional Overhead Rate (Exhibit T)	<u>36.00%</u>	<u>2,207</u>	<u>27,155</u>
Additional Overhead Due WEI			<u>(\$7,984)</u>

- 3/ Represents funds drawn down under a Federal Reserve Letter of Credit (FRLC No. 72-00-1109) through March 31, 1982.

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/493-7002T (Thailand)
Summary of Costs Claimed and Accepted
For the Period October 1, 1976 Through September 30, 1979

	Costs Accepted 6/30/78	Current Period (7/1/78-9/30/79)			Total Costs Accepted 9/30/79
		Costs Claimed	Direct Costs Questioned	Overhead Questioned	
Personnel Costs	\$17,088	\$20,338	\$ -0-	\$ -0-	
Fringe Benefits	3,208	2,528	-0-	-0-	
Travel	10,121	9,927	-0-	-0-	
Per Diem	5,501	7,794	-0-	-0-	
Subgrant Costs	39,880	34,677	-0-	-0-	
Other Direct Costs	2,156	4,746	-0-	-0-	
Overhead	9,038	16,289	-0-	-0-	
Consultant Fees	<u>7,962</u>	<u>6,678</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$94,954</u>	<u>\$102,977</u>	<u>\$24,409</u>	<u>\$6,809</u>	\$166,713
Total Reimbursed (Vouchers Nos. 1-5)					<u>197,931</u>
Refund Due AID					<u>\$31,218</u>

Exhibit R Explanatory Notes

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Grant AID/493-7002T (Thailand)
Summary of Costs Claimed and Accepted
For the Period October 1, 1976 Through September 30, 1979

- 1/ Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.
- 2/ Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, and 1980, as shown below:

Overhead Claimed				\$16,289
<u>Overhead Accepted:</u>				
Total Direct Costs (7/1/78-6/30/79)	\$16,524			
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$ 5,430		
Total Direct Costs (7/1/79-9/30/79)	\$11,078			
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	<u>4,050</u>	<u>9,480</u>	
Amount Questioned				<u>\$6,809</u>

Review of EXHIBIT S
WORLD EDUCATION, INCORPORATED (WEI)
Contract AID/493-8019T (Thailand)
Summary of Costs Claimed and Accepted
For the Period November 1, 1973 Through November 30, 1979

	Costs Claimed	Audit Adjustments		Total Costs Accepted 11/30/79
		Direct Costs Questioned	Overhead Questioned	
Salaries	\$16,937	\$ -0-	\$ -0-	
Fringe Benefits	3,911	-0-	-0-	
DBA Insurance	1,482	-0-	-0-	
Travel	4,000	-0-	-0-	
Allowances	3,325	-0-	-0-	
Other Direct Costs	1,125	-0-	-0-	
Overhead	<u>12,390</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$43,170</u>	<u>(\$294)</u> ^{1/}	<u>\$1,650</u>	^{2/} \$41,814
Total Reimbursed (Voucher No. 1)				<u>43,170</u>
Refund Due AID				<u>\$1,356</u>

^{1/} Represents difference between costs claimed and costs incurred through June 30, 1981, as tabulated by Coopers and Lybrand in their annual financial statements. Details, by line item, were not available.

^{2/} Represents adjustment of provisional overhead to actual for the Fiscal Years ended June 30, 1979, and 1980, as shown below:

Overhead Claimed			\$12,390
<u>Overhead Accepted:</u>			
Total Direct Costs (11/1/78-6/30/79)	\$16,786		
Recommended Overhead Rate (Exhibit T)	<u>32.86%</u>	\$ 5,516	
Total Direct Costs (7/1/79-11/30/79)	\$14,298		
Recommended Overhead Rate (Exhibit T)	<u>36.56%</u>	<u>5,224</u>	<u>10,740</u>
Amount Questioned			<u>\$1,650</u>

Review of
WORLD EDUCATION, INCORPORATED (WEI)
Overhead Rate Computation
Fiscal Years Ended June 30, 1979, 1980, 1981, and 1982

EXHIBIT T

	Amount Proposed And Accepted ^{1/}			
	FY 1979	FY 1980	FY 1981	FY 1982
<u>Overhead Pool:</u>				
Salaries and Benefits	\$168,234	\$215,121	\$283,405	
Consultant Fees	12,294	24,301	42,218	
Travel and Per Diem	5,784	4,350	4,437	
Rent	56,242	55,879	77,387	
Other Direct Costs	<u>40,409</u>	<u>43,360</u>	<u>107,205</u>	
Total	<u>\$282,963</u>	<u>\$343,011</u>	<u>\$514,652</u>	N/A
<u>Overhead Base:</u>				
Total Direct Costs ^{2/}	<u>\$861,032</u>	<u>\$938,281</u>	<u>\$904,525</u>	N/A
Overhead Rates	<u>32.86%</u>	<u>36.56%</u>	<u>56.90%</u>	N/A ^{3/}

^{1/} Our review and acceptance was limited to a verification of proposed costs to the financial statements and workpaper expense summarizations, as prepared by Coopers and Lybrand.

^{2/} Total direct costs less equipment, subcontracts, and subgrants.

^{3/} The overhead rate adjustment for Fiscal Year ended June 30, 1982, has been deferred until a later date. Until amended, we have used the provisional rate of 36 percent in the exhibits of this report.

Review of
WORLD EDUCATION, INCORPORATED

List of Report Recipients

Assistant to the Administrator for Management, AA/M	1
Associate Assistant to the Administrator for Management Services, M/AAA/SER	1
Audit Liaison Office, M/AAA/SER	1
Senior Assistant to the Administrator for Management Services, SAA/S&T	1
Office of Development Information and Utilization, S&T/DIU	1
Audit Liaison Office, S&T/PO	1
Assistant Administrator, Bureau for Food for Peace and Voluntary Assistance, AA/FVA	3
Office of Private and Voluntary Cooperation, FVA/PVC	3
Audit Liaison Office, AA/FVA	1
Office of Financial Management, M/FM/ASD	2
Director, Office of Contract Management, M/SER/CM	5
Office of the General Counsel, GC	1
Office of Legislative Affairs, LEG	1
Office of Public Affairs, OPA	2
Office of the Inspector General, IG	1
Mission Director, USAID/Indonesia	1
Controller, Jakarta, Indonesia	1
RIG/A/Manila	1
IG/PPP	1
IG/II	1
IG/EMS/C&R	16