

PDAAp 576
ISN 35142

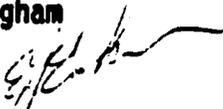
**MEMORANDUM REPORT ON
TRANSCENTURY CORPORATION**

**Review of Termination Claim
Contract Number 291/A
Audit Report 84-34**

August 14, 1984

August 14, 1984

MEMORANDUM

TO: CM/ROD/NE, Kathryn Cunningham
FROM: RIG/A/W, E. John Eckman 
SUBJECT: Review of Termination Claim submitted by
TransCentury Corporation Contract Number 291/A

TransCentury Corporation entered into Host Country Contract Number 291/A with the Syrian Arab Republic Government on May 20, 1981. The purpose of the contract is to establish a program for better managing and utilizing Syria's natural resources. Under the contract, TransCentury was responsible for assisting the Syrian Government in establishing a National Remote Sensing Center. Remote Sensing is a technology by which the earth's surface is photographed from satellites to obtain information about its resources. In addition to providing information on such resources as minerals, water resources and petroleum, Remote Sensing technology is useful in crop mapping, land use mapping, flood damage and monitoring strip-coalmining activity.

TransCentury Corporation is based in Washington, D.C. and focuses its efforts on economic and social projects in the developing world.

This contract was entered into under a grant by AID to the Syrian Government. The Syrian Government contracted with TransCentury Corporation.

On November 14, 1983, the U.S. Congress passed legislation directing AID to terminate its economic assistance program in Syria. The Government of Syria notified TransCentury by telex on November 22, 1983 that Syria would not continue the contract at its own expense. TransCentury formally requested that the Federal Procurement legislation govern AID's location and termination of the contract. The contract was adopted and terminated by AID on May 2, 1984.

Objectives, Scope and Methodology

The review was conducted by the Office of the Regional Inspector General for Audit/Washington (RIG/A/W) and covered the termination period November 14, 1983 through March 31, 1984. The objective of our review was to determine the allowability of the costs billed during the termination period.

1-

We reviewed pertinent documents and accounting records maintained by the contractor. Discussions were held with responsible officials at the contractor's office.

This review was made in accordance with the Controller General's standards for audit of governmental organizations and activities and accordingly, included such tests of records and internal controls as was considered necessary in the circumstances.

FINDINGS, CONCLUSION AND RECOMMENDATIONS

Cost and fixed fee claimed by TransCentury Corporation for the termination period November 14, 1983 through March 31, 1984, under AID adopted Contract Number 291/A amounted to \$132,007. As a result of a detailed cost audit, we are recommending acceptance of \$45,102. The difference is composed of fixed fee in the amount of \$6,975 which is subject to negotiations; and suspension of costs totaling \$79,930 that occurred before the termination period.

We suspended costs totaling \$79,930 because they occurred and were billed before the termination period. At the time they were billed, the Syrian Government declined to approve them for payment. We have no information as to the reason the Syrian Government did not approve these billings. Consequently, the Contracting Officer must make a determination as to whether these costs should be paid. Details pertaining to these adjustments are shown in Exhibit A.

Recommendation No. 1

The Office of Contract Management (SER/CM) should take appropriate action to ensure settlement of the \$86,905 of suspended cost (cost not occurring during the period) and fixed fee.

TransCentury Corporation

Termination Claims
Contract No. 291/A - Grant No. 2760041
Schedule of Costs Claimed for the Period
November 14, 1983 through March 31, 1984

	<u>Cost Claimed</u>	<u>Cost Suspended</u>	<u>Cost Accepted</u>
Field Salaries	\$ 14,957	\$ 4,134 1/	\$ 10,823
Post Differential	638	-0-	638
Overhead Field Staff	4,487	1,240 1/	3,247
Home Office Salaries	21,790	11,966 1/	9,824
Overhead Home Office	13,074	7,180 1/	5,894
Subcontract	8,983	8,257 1/	726
International Travel & Per Diem	8,303	6,863 1/	1,440
Transportation and Shipping	9,594	-0-	9,594
Other Direct Cost	<u>2,276</u>	<u>-0-</u>	<u>2,276</u>
Subtotal	\$ 84,102	\$ 39,640	\$ 44,462
G&A	8,915	4,144 1/	4,771
Fixed Fee	6,975	6,975 2/	-0-
Indirect Cost Adjustments			
FY 1981	8,076	8,076 3/	-0-
FY 1982	28,070	28,070 3/	-0-
FY 1983 & 1984	<u>(1,131)</u>	<u>-0-</u>	<u>(4,131) 4/</u>
Totals	<u>\$132,007</u>	<u>\$ 86,905</u>	<u>\$ 45,102</u>

TransCentury Corporation

Termination Claims
Contract No. 291/A - Grant No. 2760041
Schedule of Costs Claimed for the Period
November 14, 1983 through March 31, 1984

Explanatory Notes:

- 1/** Represents costs incurred prior to the termination date, but not approved by the Syrian Arab Republic Government. The costs are applicable to the contract, however, since the costs were not previously approved for payment, we suspended them pending a contracting officer's determination.
- 2/** Fixed fee is generally based on percentage of completion of the contract (FPR 1-8.406). Therefore, we are suspending the fixed fee pending negotiation by the contracting officer.
- 3/** Represents adjustment from provisional to final negotiated indirect cost rates. These costs were submitted prior to the termination date, but not approved by the Syrian Arab Republic Government. The costs are applicable to the contract, however, since the costs were not previously approved for payment, we suspended them pending a contracting officer's determination.
- 4/** A portion of the adjustment applies to Fiscal Year 1983 costs prior to the termination date. However, because of the effort required splitting out the pre-termination portion, the contractor agreed to apply the total as an offset to the termination costs.

TRANSCENTURY CORPORATION
List of Report Recipients

Deputy Assistant, Directorate for Program and Management Services, DAA/M/SER	1
Assistant Administrator, Bureau for Near East	1
Audit Liaison Office, M/AAA/SER	1
Office of Financial Management, M/FM/ASD	2
Director, Office of Contract Management, M/SER/CM	3
Office of Contract Management, CM/ROD/NE	1
Bureau of External Affairs, XA	1
Bureau for Program and Policy Coordination, Development Information Division, PPC/CDIE/DI	2
General Counsel, GC	1
Inspector General, IG	1
IG/PPP	1
AIG/A	1
AIG/II	1
IG/EMS/C&R	16