

**Regional Inspector General for Audit
Singapore**

**AUDIT OF
SEA-BMB CONSULTANTS, INC.
PHILIPPINES**

**Audit Report No. 5-492-92-25-N
September 16, 1992**



INSPECTOR
GENERAL

**AUDIT OF
SEA-BMB CONSULTANTS, INC.
PHILIPPINES**

AUDIT REPORT NO. 5-492-92-25-N

September 16, 1992

The Fund Accountability Statement of SEA-BMB Consultants, Inc. does not present fairly the receipts and expenditures under the contract with USAID/Philippines. Several material instances of noncompliance with contract terms were noted, resulting in \$167,293 in questioned costs. Several material internal control weaknesses were also noted. Prior to making any future payments to SEA-BMB Consultants, Inc., USAID/Philippines should resolve the question costs and verify that the internal control deficiencies and compliance problems have been corrected.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 16, 1992

TO: Richard A. Johnson, Acting Mission Director
USAID/Philippines

FROM: 
James B. Durnil, RIG/A/Singapore

SUBJECT: Audit of SEA-BMB Consultants, Inc. - Philippines
Audit Report No. 5-492-92-25-N

The accounting firm of Punongbayan & Araullo, the Ernst & Young International affiliate in the Philippines, performed a financial audit of USAID/Philippines' Contract No. 492-0439-C-00-0106-00 with SEA-BMB Consultants, Inc. (Contractor), under the Development Training Project in the Philippines. Five copies of the audit report are enclosed for your action.

In September 1989, USAID/Philippines initiated the Development Training Project to build a core of highly trained employees in the public and private sectors by providing them with academic and technical training. USAID/Philippines obligated \$2.5 million for in-country, third country, and U.S. technical and managerial training of private sector employees to address constraints to productivity and profitability of rural, non-farm enterprises. In July, 1990, USAID/Philippines entered into a \$898,402 cost reimbursement plus fixed fee type contract with SEA-BMB Consultants, Inc. to implement the training of private sector employees. The Contractor was to develop an overall training plan; promote and advertise the project to generate interest and participation; recruit, select and determine the placement of trainees; administer the training funds; design an implementation plan and monitoring and evaluation system; identify short-term U.S., third country, and in-country management and technical training programs; and assess the training programs and the training institutions' capability to meet the requirements. The Contractor's services were expected to be completed in June 1992.

The audit objectives were to: (1) determine whether the Fund Accountability Statement of the Contractor presents fairly the receipts and expenditures under the contract with USAID/Philippines and whether the expenditures were allocable, allowable, and reasonable; (2) report on the Contractor's system of internal controls; and (3) report on the Contractor's compliance with applicable laws, regulations, and contract terms. The period covered by the audit was July 9, 1990 through February 29, 1992, during which the Contractor reported

expenditures of \$567,358, and received reimbursements of \$385,866 from USAID/Philippines for these expenditures.

The auditors reported that the Contractor's Fund Accountability Statement does not present fairly the receipts and expenditures under the contract with USAID/Philippines. Several material instances of noncompliance with contract terms were noted, resulting in \$167,293 in questioned costs (\$88,022 unallowable and \$79,271 unsupported). Also, several material internal control weaknesses were noted.

In their written response to the report, the management of SEA-BMB Consultants, Inc. agreed with some of the auditors' findings and recommendations and disagreed with others. Management comments are summarized under each finding in the report.

We are making the following recommendations to be included in the Inspector General's recommendation follow-up system.

Recommendation No. 1: We recommend that USAID/Philippines resolve the \$167,293 in questioned costs (\$88,022 unallowable and \$79,271 unsupported) with SEA-BMB Consultants, Inc., and recover any amounts determined to be unallowable.

Recommendation No. 2: We recommend that USAID/Philippines, before making any future payments, verify that SEA-BMB Consultants, Inc. establishes and implements adequate accounting internal control procedures to:

- (a) support training costs with contracts and billing statements from the training institutions;
- (b) effectively cancel supporting documentation after payments;
- (c) require that two individuals be check signatories; and
- (d) require supervisory review of the work of lower-level personnel.

Recommendation No. 3: We recommend that USAID/Philippines, before making any future payments, verify that SEA-BMB Consultants, Inc. establishes and implements adequate procedures to fully comply with the Contract terms to:

- (a) appropriately document and support all expenditures incurred under the contract;

- (b) support the salaries of project consultants with time reports and ensure that appropriate staffing, as specified in the contract, is provided for the project; and**
- (c) properly classify costs incurred in accordance with the contract budget, and maintain a complete set of books of accounts.**

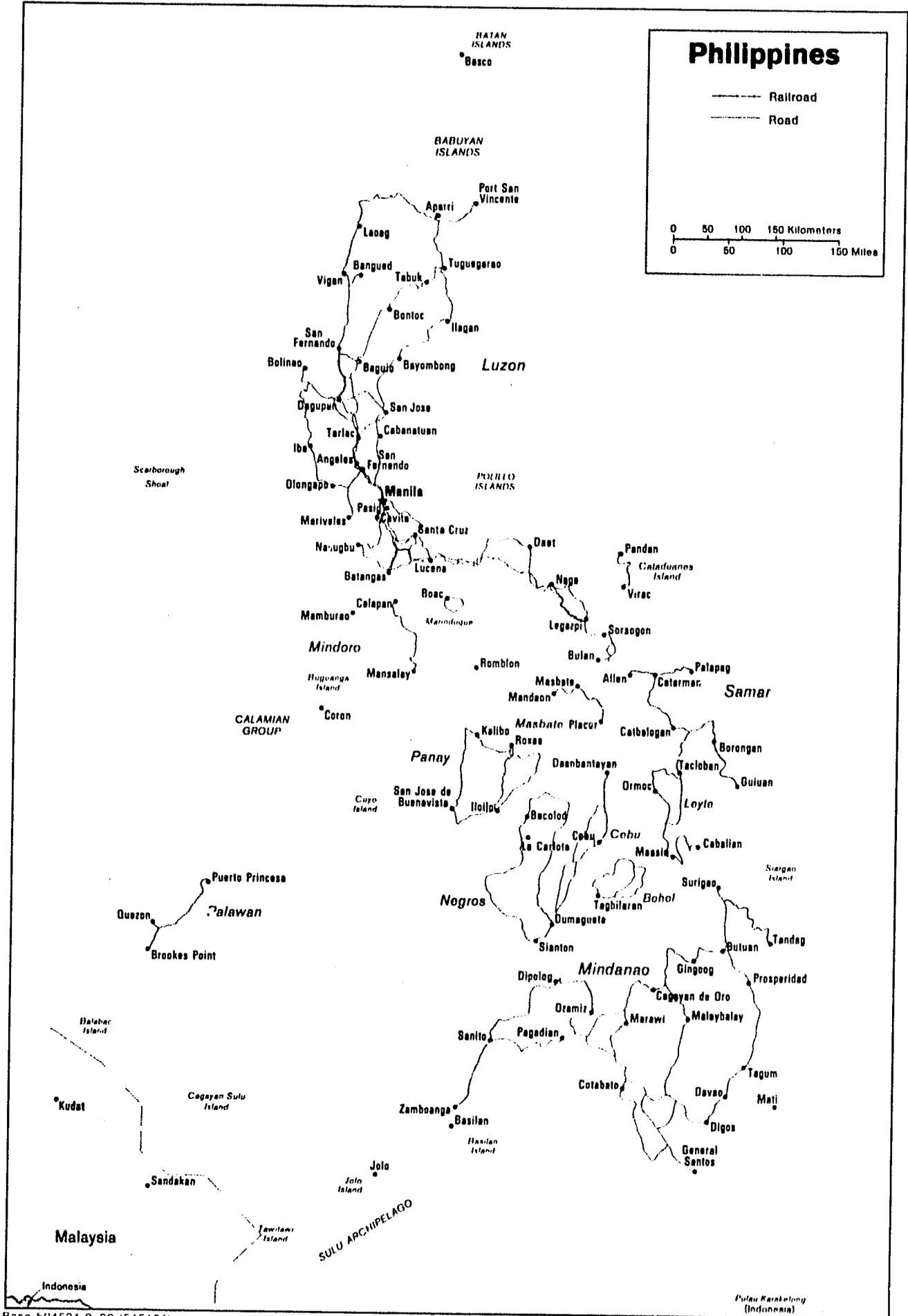
We appreciate the courtesies and cooperation USAID/Philippines and the Contractor extended to the auditors and our staff during the course of this audit.

Please advise me within 30 days of any actions planned or taken to close the above recommendations.

Philippines

--- Railroad
--- Road

0 50 100 150 Kilometers
0 50 100 150 Miles



**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
CONTRACT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.**

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August 5, 1992

Mr. James B. Durnil
Regional Inspector General for Audit/Singapore
U.S. Agency for International Development
17-03 Peninsula Plaza
III North Bridge Road
Singapore 0617

Dear Mr. Durnil:

This report presents the result of the financial audit of Contract No. 492-0439-C-00-0106-00 with SEA-BMB Consultants, Inc. under the Development Training Project No. 492-0439.

A. BACKGROUND

In September 1989, the United States Agency for International Development (U.S.AID) initiated the Development Training Project No. 492-0439 (The Project) to build a core of highly trained employees in the public and private sectors by providing academic and technical training to them. U.S. AID obligated \$2.5 million for in-country, third country, and U.S. technical and managerial training of public and private sector employees to address the selected constraints to productivity and profitability of rural, non-farm enterprises outside the Metropolitan Manila area.

On July 9, 1990, U.S. AID contracted SEA-BMB Consultants, Inc. (the Contractor) to implement the private sector component of the Project. The contract, administered by the Private Enterprise Support Office (PESO) of the U.S. AID, has a cost reimbursement funding mechanism with a fixed fee and is estimated to be completed on June 30, 1992. U.S. AID obligated \$898,402, as amended, to this contract, or an equivalent amount of P24,256,854. Under the agreement, the Contractor shall perform the following services during the implementation of the Project:

- o develop an overall Master Integrated Plan;
- o promote and advertise the Project to generate interest and participation;
- o recruit, select and determine the placement of trainees;
- o administer the training funds;
- o design an implementation plan and monitoring and evaluation system for the Project, including financial and management control mechanisms;

- o assist U.S. AID in organizing an advisory group of private sector establishments that will provide advice, guidance and support for the Project;
- o identify short-term U.S., third country and in-country management and technical training programs;
- o assess available training programs and the capability of training institutions to meet Project requirements; and
- o explore joint product specialist programs with other donors, private trade organizations and institutes employing product specialists.

B. AUDIT OBJECTIVES AND SCOPE OF WORK

Punongbayan & Araullo conducted a financial audit of the Project's expenditures from July 9, 1990 through February 29, 1992. The objectives of this engagement were to:

- o determine whether the Fund Accountability Statement presents fairly the receipts and expenditures under the contract and whether project expenditures are allocable, allowable and reasonable;
- o report on the Contractor's internal controls system; and
- o report on the Contractor's compliance with the terms of the contract and applicable laws and regulations.

The audit was performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States.

We made a 100 percent financial audit of Project expenditures of P15,318,684 (\$567,358) billed to U. S. AID by the Contractor from the inception of the contract (July 9, 1990) until February 29, 1992.

We performed the following audit procedures:

- o Reviewed pertinent contracts and other documents entered into relative to the Project. A list of these agreement and contracts are provided in Attachment 1 - List of Agreement and Applicable Laws and Regulations Reviewed;
- o Tested internal control procedures and other accounting processes of the Contractor;
- o Reviewed bills and supporting documentations submitted to U.S. AID for the Project expenses incurred and paid by the Contractor; and

- o Evaluated the Contractor's overhead costs charged to the Project and ascertained whether the amount of overhead costs is reasonable and allocable under the Contract.

In determining the Project's compliance with laws and regulations, we designed audit steps to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have direct and material effects on the Fund Accountability Statement.

For this audit, the government auditing standards related to continuing education was not met. Because our continuing education program has not been fully implemented, we can not ensure the assigned staff received the required level of ongoing professional education. However, the assigned staff were given sufficient instruction, supervision and direction to adequately perform the audit.

C. RESULTS OF AUDIT

1. *Opinion on the Fund Accountability Statement*

Because of the effects of certain expenses totalling P2,700,993 (\$100,037), as shown on the summary of questioned costs on pages 4 to 6 herein, which were deemed not allocable, reasonable and/or allowable under the Contract and applicable laws and regulations and also because of the effects of such findings had we been able to examine sufficient evidential matter for certain expenses amounting to P1,815,916 (\$67,256), as explained on page 19 herein, the Fund Accountability Statement of the Project does not present fairly the recorded cash receipts and disbursements for the period July 9, 1990 to February 29, 1992.

2. *Review of Internal Controls*

A separate accounting system for transactions of the Project is maintained. Our study of the internal control environment of the Contractor disclosed the following reportable conditions which we consider to be material weaknesses.

<u>Reportable Condition</u>	<u>Detailed Discussion On Page</u>
1. Inadequate documentation of the salaries of Project Consultants	19
2. Inadequate documentation of training costs	20
3. Unsupported payments to training institutions	21
4. Documents supporting Project expenses not being defaced or stamped "PAID"	22

<u>Report Condition</u>	<u>Detailed Discussion On Page</u>
5. Single signatory for checks	23
6. Insufficient books of accounts	24
7. Improper segregation of duties of Contractor's personnel	24
8. Cash advance liquidations not being subjected to proper review and approval	25

3. **Compliance Review**

As part of the audit objective of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of Contractor's compliance with certain provisions of laws, regulations and terms of the contract. Except for the instances listed below for the items tested, the Contractor complied in all material respects with those provisions. For items not tested, there was more than relatively low risk that the Contractor did not comply, in all material respects, with those provisions.

a. **Questioned Costs**

	<u>Expenses Claimed</u>		<u>Questionable Costs</u>				<u>Detailed Discussion On Page</u>
	<u>Peso</u>	<u>Dollar</u>	<u>Unallowable</u>		<u>Unsupported</u>		
			<u>Peso</u>	<u>Dollar</u>	<u>Pesos</u>	<u>Dollar</u>	
1) Salaries and wages							
o Excess increase in salary			P 142,128	\$ 5,264			27
o Overbilling of the project consultant's salary			15,170	562			29
	<u>P 2,034,398</u>	<u>\$ 75,348</u>	<u>157,298</u>	<u>5,826</u>	<u>P -</u>	<u>\$ -</u>	
3) Travel and Per Diem							
o Unsupported travel cost					44,201	1,637	30
o Unsupported excessive per diem charges					63,747	2,361	31
o Unsupported and canceled air fare					35,789	1,326	33
	<u>508,189</u>	<u>18,822</u>	<u>-</u>	<u>-</u>	<u>143,737</u>	<u>5,324</u>	

	Expenses Claimed		Questionable Costs				Detailed Discussion On Page
	Peso	Dollar	Unallowable		Unsupported		
			Peso	Dollar	Pesos	Dollar	
4) Consultants' Allowances							
o Unallowable consultants' allowances			236,263	8,750			34
	<u>236,263</u>	<u>8,751</u>	<u>236,263</u>	<u>8,750</u>	<u>-</u>	<u>-</u>	
5) Fringe Benefits							
o Overbilling of 13th month pay			861	32			36
	<u>170,460</u>	<u>6,313</u>	<u>861</u>	<u>32</u>	<u>-</u>	<u>-</u>	
6) Other Direct Costs							
o Honoraria and per diem charged without U.S. AID prior approval and other unallowable cost of meetings			272,429	10,090			38
o Rental deposit billed to and paid by U.S. AID			30,712	1,137			40
o Double billing of parking fees			500	19			41
o Value-Added Tax (VAT) on costs of publicity and promotions and purchases			40,475	1,499			42
o Inadequate documentation of certain costs of publicity and promotions					43,500	1,611	43
o Inadequate documentation of office supplies withdrawals					70,002	2,593	44
o Salaries of other support staff not authorized under the contract			112,818	4,178			46
	<u>1,725,221</u>	<u>63,897</u>	<u>456,934</u>	<u>16,923</u>	<u>113,502</u>	<u>4,204</u>	

	Expenses Claimed		Questionable Costs				Detailed Discussion On Page
			Unallowable		Unsupported		
	Peso	Dollar	Peso	Dollar	Pesos	Dollar	
7) Participants Training							
o Unallowable training costs			648,524	24,019			48
o Unliquidated cash advances to Product Specialist					82,500	3,058	51
o Unpaid billing for out-of-pocket expenses of Product Specialist					(15,360)	(569)	52
o Unallowable training and administrative costs			789,904	29,256			54
	<u>9,522,633</u>	<u>352,190</u>	<u>1,438,428</u>	<u>53,275</u>	<u>67,140</u>	<u>2,487</u>	
8) Fixed Fee							
o Overbilling of fixed fee			86,830	3,216			55
	<u>526,536</u>	<u>19,501</u>	<u>86,830</u>	<u>3,216</u>	<u>-</u>	<u>-</u>	
	<u>P 14,723,700</u>	<u>\$ 545,322</u>	<u>P 2,376,614</u>	<u>\$ 88,022</u>	<u>P 324,379</u>	<u>\$ 12,015</u>	

b. Others

1) Nonpayment by the Contractor of annual salary increase	57
2) Delayed payments of training costs	58
3) Improper preparation of request for reimbursement	59
4) Absence of a separate bank account for the Project	60
5) Incomplete Project staffing	61
6) Erroneous classification of costs	63
7) Incorrect classification of salaries of support staff authorized under the contract	64
8) Inadequate documentation of the salaries of Project Consultants	19

D. SUMMARY OF MANAGEMENT COMMENTS

SEA-BMB officials generally agreed with our audit findings and recommendations.

Very truly yours,

E. T. Diaz

E. T. DIAZ
Partner

**INDEPENDENT AUDITORS' REPORT
ON THE FAIRNESS OF THE FUND ACCOUNTABILITY STATEMENT**

We have audited the accompanying Fund Accountability Statement of the SEA-BMB Consultants, Inc. (SEA-BMB) for the administration of the Development Training Project - Private Sector Component (the Project) of U.S. AID for the period July 9, 1990 to February 29, 1992. The Fund Accountability Statement is the responsibility of SEA-BMB's management. Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit.

As discussed in Note 3, the Fund Accountability Statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Fund Accountability Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

SEA-BMB shall administer the Project according to the guidelines agreed into by SEA-BMB and the United States Agency for International Development (U.S. AID). These guidelines, among others, established that SEA-BMB shall incur costs in carrying out the purposes of the Project and request reimbursement from U.S. AID for such costs which are determined to be reasonable, allocable and allowable, as specified in the provisions of laws and regulations and binding policies and procedures. However, certain expenses totalling P2,700,993 (\$100,037), as shown on the summary of questioned costs on pages 4 to 6 of this report, did not meet all the criteria and were deemed not reasonable, allocable and/or allowable under the grant agreement and applicable laws and regulations. In addition, we were not able to examine sufficient evidential matter to enable us to determine whether the consultants' salaries amounting to P1,815,916 (\$67,256), as explained on page 19 of this report, were in fact reasonable, allocable and/or allowable.

In our opinion, because of the effects of the effects of the matters mentioned in the fourth paragraph, the statement referred to above does not present fairly the recorded cash receipts and disbursements of SEA-BMB Consultants, Inc. for the Project for the period July 9, 1990 to February 29, 1992.

Punongbayan & Araullo
PTR No. 6691708
January 17, 1992
Makati, Metro Manila

March 20, 1992

**INDEPENDENT AUDITORS' REPORT
ON THE REVIEW OF INTERNAL CONTROLS**

We have audited the Fund Accountability Statement of the SEA-BMB Consultants, Inc. (SEA-BMB) for the administration of the Development Training Project - Private Sector Component (the Project) of U.S. AID for the period July 9, 1990 to February 29, 1992, and have issued our report thereon dated March 20, 1992. We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement.

In planning and performing our audit of the Project administered by SEA-BMB, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement and not to provide assurance on the internal control structure.

The management of SEA-BMB is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure, policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the Fund Accountability Statement in accordance with the basis of accounting described in Note 3 to the Fund Accountability Statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure, policies and procedures in the following accounting applications:

- a. Cash receipts
- b. Cash disbursements

For the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed the control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the Fund Accountability Statement.

Our study and evaluation of the internal control of SEA-BMB regarding cash receipts and disbursements applications disclosed the following reportable conditions which we consider to be material weaknesses.

<u>Reportable Conditions</u>	<u>Detailed Discussion On Page</u>
o Salaries and wages of Project consultants are inadequately documented.	19
o Certain expenses for participants' training are inadequately documented.	20
o Payments to training institutions are unsupported.	21
o Certain documents supporting Project expenses are not defaced or stamped "PAID".	22
o SEA-BMB has only one authorized signatory for check payments.	23
o SEA-BMB does not maintain a complete set of books of accounts for the Project.	24
o Proper segregation of duties and responsibilities of SEA-BMB's personnel are not maintained.	24
o Liquidation of cash advances are not properly reviewed and approved.	25

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risks that errors or irregularities in amounts that would be material in relation to the Fund Accountability Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all reportable conditions in the internal control structure that might be considered material weaknesses under the standards established by the American Institute of Certified Public Accountants. However, except for the matters discussed above, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of SEA-BMB and the United States Agency for International Development. The restriction is not intended to limit the distribution of this report, which is a matter of public record.

Punongbayan & Araullo
PTR No. 6691708
January 17, 1992
Makati, Metro Manila

March 20, 1992

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GRANT AGREEMENT
AND APPLICABLE LAWS AND REGULATIONS**

We have audited the Fund Accountability Statement of the SEA-BMB Consultants, Inc. (SEA-BMB) for the administration of the Development Training Project - Private Sector Component (the Project) of U.S. AID for the period July 9, 1990 to February 29, 1992 and have issued our report thereon dated March 20, 1992. We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement.

Compliance with laws, regulations contracts, grants and binding policies and procedures applicable to SEA-BMB is the responsibility of SEA-BMB's management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of SEA-BMB's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of non-compliance are violations of law regulations, contracts, grants or binding policies and procedures that caused us to conclude that the aggregation of misstatements resulting from those violations is material to the Fund Accountability Statement. The results of our tests of compliance disclosed the following material instances of non-compliance, the effects of which have not been corrected in SEA-BMB's Fund Accountability Statements for the period July 9, 1990 to February 29, 1992:

<u>Instances of Non-Compliance</u>	<u>Detailed Discussion On Page</u>
o SEA-BMB shall administer the Project according to the guidelines agreed by SEA-BMB and the United States Agency for the International Development (U.S. AID). These guidelines, among others, require that SEA-BMB shall incur costs and request for reimbursement from U.S. AID for costs incurred in carrying out the purposes of the Project which are determined to be reasonable, allocable and allowable under the grant agreement and applicable laws and regulations. However there were expenditures totalling P2,700,993 (\$100,037) which did not meet	

the criteria and were deemed not reasonable, allocable and allowable.	27-56
o The annual salary increase of Project personnel was already billed and paid by U.S. AID but SEA-BMB has not yet paid the Project personnel.	57
o Certain payments by U.S. AID to SEA-BMB for training costs were not paid by SEA-BMB to the training institutions within 30 days after receipt of payments.	58
o Request for reimbursement are not prepared properly.	59
o There is no separate bank account maintained by SEA-BMB for the Project.	60
o The number of Project personnel is less than the required number of personnel under the contract.	61
o Certain project expenses are erroneously classified according to the nature of the line items.	63
o Salaries of Project support staff are incorrectly classified.	64
o Salaries of Project consultants are inadequately supported.	19

We considered these material instances of non-compliance in forming our opinion as to whether the Fund Accountability Statement for the Project for the period July 9, 1990 to February 29, 1992 is presented fairly, in all material respects, on the basis of accounting described in Note 3 in the Notes to the Fund Accountability Statement, the recorded cash receipts and disbursements of the Project for the said period. This report does not affect our report on the Fund Accountability Statement dated March 20, 1992.

Except as discussed above, the results of our tests of compliance indicate that with respect to the items tested, SEA-BMB complied, in all material respects, with the provisions referred to in the second paragraph of this report. With respect to the items not tested, the extent of non-compliance noted in our testing indicated that there was more than a relatively low risk that SEA-BMB may have also not complied, in all material respects, with other applicable laws, regulations, contracts, grant provisions or binding policies and procedures.

This report is intended for the information of SEA-BMB and the United States Agency for International Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Punongbayan & Araullo
PTR No. 6691708
January 17, 1992
Makati, Metro Manila

March 20, 1992

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD JULY 9, 1990 TO FEBRUARY 29, 1992**

	ACTUAL Expenses up to July 29, 1992		BUDGET For the whole Project	
	Peso	Dollar	Peso	Dollar
RECEIPTS	P 10,418,378	\$ 385,866	P 24,256,854	\$ 898,402
DISBURSEMENTS				
Salaries and wages	2,034,398	75,348	3,145,088	116,485
Overhead costs	594,984	22,036	947,617	35,097
Travel and per diem	508,189	18,822	847,892	31,403
Consultants' allowance	236,263	8,751	509,514	18,871
Fringe benefits	170,460	6,313	486,841	18,031
Other direct costs	1,725,221	63,897	2,518,932	93,294
	<u>5,269,515</u>	<u>195,167</u>	<u>8,455,884</u>	<u>313,181</u>
Participants' training	9,522,633	352,690	14,955,382	553,903
	<u>14,792,148</u>	<u>547,857</u>	<u>23,411,266</u>	<u>867,084</u>
Fixed fee	526,536	19,501	845,588	31,318
	<u>15,318,684</u>	<u>567,358</u>	<u>24,256,854</u>	<u>898,402</u>
EXCESS OF DISBURSEMENTS OVER RECEIPTS	(P 4,900,306)	(\$ 181,492)	P -	\$ -

See Notes to Fund Accountability Statement.

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
NOTES TO FUND ACCOUNTABILITY STATEMENT**

1. BACKGROUND

On July 9, 1990, the United States Agency for International Development (U.S. AID) entered into a cost reimbursement contract with SEA-BMB Consultants, Inc. (SEA-BMB) for the implementation of the Development Training Project - Private Sector Component for an estimated cost of US\$898,402 or P24,256,854 plus fixed fee.

The primary goal of the Development Training Project - Private Sector Component was to strengthen the private sector human resource base of the Philippines to promote broad-based economic growth and development. Its purpose is to build a core of highly trained employees in the private sector by providing academic and technical training to them. The grant period is from July 9, 1990 through June 30, 1992.

2. COST PRINCIPLE

SEA-BMB is to be reimbursed for contract costs which are determined to be reasonable, allocable and allowable, in accordance with the provisions of the contract, laws and regulations and binding policies and procedures.

Reasonable costs are costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business. Allocable costs are costs incurred specifically and necessarily for the Project. Allowable costs are those costs which must conform to any limitations set forth in the contract.

3. BASIS OF ACCOUNTING

SEA-BMB records the transactions of the Project on a cash basis. The Fund Accountability Statement is a summary of cash activity of SEA-BMB for the Project and does not include certain transactions which would have been taken into account if an accrual basis is used. However, in accordance with AICPA standards, this method of accounting is recognized as a comprehensive basis of accounting other than generally accepted accounting principles.

4. SALARIES AND WAGES

Salaries and wages represent all compensation paid by SEA-BMB for the services of the Project consultants and support staff rendered during the period.

5. OVERHEAD COSTS

Overhead costs represents indirect costs incurred by SEA-BMB which is equivalent to 25 percent of direct costs, pending establishment of revised provisional or final indirect cost rates.

6. TRAVEL AND PER DIEM

Travel and per diem include airfare, costs of land and inland transportation and per diem paid to consultants to cover meals, lodging and other incidental expenses while on out-of-town assignments.

7. CONSULTANTS' ALLOWANCES

Consultants' allowances represent fixed allowances of the Project consultants to cover for costs of gasoline and repairs, maintenance and depreciation of their personal motor vehicles.

8. FRINGE BENEFITS

Fringe benefits include the 13th month pay, vacation and sick leave pay, and other medical benefits enjoyed by the consultants and support staff.

9. OTHER DIRECT COSTS

Other direct costs include costs of meetings; honoraria and per diem paid to Regional Private Advisory Committee (RPAC) members; rental of office space and amortization of leasehold improvements; costs of communications, postage and delivery; costs of stationeries and supplies; salaries of other support staff; and costs of accounting and messengerial services.

10. PARTICIPANTS' TRAINING

Participants' training represents costs of providing technical training in basic skills and upgrading of existing skills, managerial training in formal and observational program, and training provided by local product specialists to a firm or group of firms.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
SEA-BMB CONSULTANTS, INC.
PRIVATE SECTOR-DEVELOPMENT TRAINING II PROJECT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
INTERNAL CONTROL WEAKNESSES**

SALARIES AND WAGES

**INADEQUATE DOCUMENTATION OF SALARIES
OF PROJECT CONSULTANTS**

Condition

Salaries and wages of the following consultants amounting to P1,865,352 (\$69,087) were not based on documented payrolls and accomplished time reports. The check voucher supports these disbursements.

<u>Name</u>	<u>Position</u>
Lemuel Miravalles	Project Manager
Arturo Santos	Management Assistant
Angie Santos	Management Assistant
Gloria Gabilla	Administrative Assistant

Criteria

Internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a contract clause under Section I of the Grant Agreement, requires that the Contractor shall maintain books, records, documents and other evidence and accounting procedures and practices, regardless of form or type, sufficient to reflect properly all cost claimed to have been incurred or to be incurred in performing the contract.

Cause

The Contractor's payroll procedures do not require high-level personnel to submit time reports or to log their time-in and out. Instead, these personnel practice the honor system in reporting their attendance.

Effect

The levels of effort and man-days of each consultant were not monitored. It is, therefore, difficult to determine if the Consultants' salaries amounting to P1,815,916 (\$67,256) are reasonable, allocable and allowable; and if levels of effort and man-days as stipulated in the contract were exceeded.

Recommendation

We recommend that U.S. AID require the Contractor to develop and implement payroll procedures to ensure that payroll computations are documented. We also recommend that U.S. AID resolve with the Contractor the inadequately documented consultants' salaries and recover any amounts not allowable.

Management Comments

We have already required consultants concerned to accomplish time or daily reports and submit these to our Accounting Department as a basis in computing their salary for a specific period.

PARTICIPANTS' TRAINING COSTS

INADEQUATE DOCUMENTATION OF TRAINING COSTS

Condition

Training contracts and billing statements of training institutions were not on file (See Attachment VI). To determine whether training programs were actually conducted for the Project, we examined other documents such as training action plans, certificates of participants' attendance, terminal evaluation reports and check vouchers duly acknowledged by the training institutions.

Criteria

Internal control standards require that transactions and other significant events are to be clearly documented and the documentation be readily available for examination.

Cause

The Contractor did not comply with the documentation policy.

Effect

The terms and conditions of the training contract and training could not be determined.

Recommendation

We recommend that U.S. AID require the Contractor to develop and implement internal control procedures to ensure that training costs are documented.

Management Comment

Prior to our 29th billing, USAID reimbursed us for training costs on the basis of our submission of the Training Action Plan (TAP). The TAP contains, among others, information on the training programs such as: course outlines, resource speakers' profile, supplies and materials needed, equipment, listing of participants, and breakdown of costings (whether itemized or fixed). This document is submitted by the training institutions when applying for a training contract with the RPACs.

Once a training program has been completed, the training institution submits the TAP (bearing the approval of the RPAC members) to the Secretariat together with other documents such as attendance sheets, copies of certificates of training and terminal report. We did not require the training institutions to submit to us their billing statements as the TAP was then sufficient for reimbursement purposes.

When we were informed that billing statements from the training institutions are also required, we informed the respective Secretariats that they should require said training institutions to submit their billing statements. Our 30th billing onwards already include these billing statements from the training institutions.

UNSUPPORTED PAYMENTS TO TRAINING INSTITUTIONS

Condition

Payments by the Contractor to training institutions are not supported by official receipts (see Attachment V for the List of Payments to Training Institutions Without Official Receipts on File). Our examination of the paid checks revealed that the checks were issued to the training institutions.

Criteria

Internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Cause

The Contractor did not secure official receipts because payments were sent through courier to the training institutions in the provinces.

Effect

Training costs of training institutions are not supported by adequate and sufficient documentation.

Recommendation

We recommend that U.S. AID require the Contractor to develop and implement internal control procedures to ensure that payments are evidenced by official receipts.

Management Comments

We have also required the RPAC Secretariats to obtain official receipts from the training institutions as evidence of our payment of their training courses conducted under the Project.

SUPPORTING DOCUMENTATION ARE NOT DEFACED OR STAMPED "PAID"

Condition

Cash advance liquidation and supporting documentation are not defaced or stamped "*PAID*" (with the date of payment indicated thereon), which should be done to prevent reusing the same documents. Also, cash advance liquidations were not reviewed by a responsible officer of the Contractor.

Criteria

Internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Cause

The Contractor has no policy on defacing supporting documentation.

Effect

Supporting documentation and liquidation reports which are not defaced may be reused, resulting to overstatement of charges.

Recommendation

We recommend that U.S. AID require the Contractor to develop and implement internal control procedures to ensure that supporting documentations are stamped "*PAID*".

Management Comments

We will implement the recommendations of the Auditors that all documents presented to support payments should be defaced or stamped "paid" to ensure that such documents will not be used for unauthorized purposes.

SINGLE CHECK SIGNATORY

Condition

The Contractor has one check signatory.

Criteria

Internal control standards require dual control over assets which can be easily misappropriated.

Cause

The Contractor is a small corporation and has two officers only, one of which takes charge of the accounting of funds. Thus, only one person is left to sign checks.

Effect

Misappropriation of funds may happen because there is no adequate control in drawing checks.

Recommendation

We recommend that U.S. AID require the Contractor to develop and implement internal control procedures to ensure that checks are signed by two individuals. In this regard, we recommend that Mr. Lemuel Miravalles, the project manager, as the second signatory.

Management Comments

We cannot comply with the recommendation of the Auditors for double check signatories because Mr. Rodriguez is the only sole check signatory authorized by Management.

Auditor's Rebuttal

Management can assign another person such as the Project Manager who has no access to accounting records and the release of checks.

INSUFFICIENT BOOKS OF ACCOUNTS

Condition

The Contractor maintains only two types of books for the Project, a cash disbursements book and an accounts payable book.

Criteria

Contract provisions require separate and adequate books of accounts for the Project Fund. Also, internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Cause

The Contractor, a small corporation, did not adopt an accounting system for the Project.

Effect

Several expenses were not recorded in the books. Some were improperly classified and summarized. Accounting of project expenditures became a problem.

Recommendation

We recommend that U.S. AID require the Contractor to adopt internal control procedures to ensure that a complete set of books of accounts are maintained.

Management Comments

Aside from the cash disbursements book and accounts payable book which are currently used for the Project, we will also include other necessary books such as a cash receipts book and general ledger, as recommended by the Auditors.

IMPROPER SEGREGATION OF DUTIES OF CONTRACTOR'S PERSONNEL

Condition

The same person, Miriam Macasinag (an accounting staff of the Contractor), prepares the check and records it in the cash disbursements book.

Criteria

Internal control standards require the separation of conflicting duties among individuals.

Cause

There is only one accounting staff designated to perform accounting functions for the Project.

Effect

Check payments may be duplicated. Likewise, recording errors may remain undetected.

Recommendation

We recommend that U.S. AID require the Contractor to adopt and implement internal control procedures to ensure that conflicting duties of personnel are segregated.

Management Comments

We agree to the recommendation of the Auditors that separate personnel be assigned for the preparation and recording of checks, in order to enhance internal control.

**CASH ADVANCE LIQUIDATIONS ARE NOT DOCUMENTED
FOR PROPER REVIEW AND APPROVAL**

Condition

Liquidation reports were not signed by the Contractor's responsible officials to indicate evidence of review and approval.

Criteria

Internal control standards require continuous and qualified supervision to ensure that control objectives are achieved.

Cause

The Contractor is a small corporation and has two key personnel only, one of which takes charge of the accounting funds. Thus, review and approval of cash advance liquidations are not properly maintained.

Effect

Costs billed to U.S. AID included unallocable and unallowable costs.

Recommendation

We recommend that U.S. AID require the Contractor to adopt and implement internal control procedures to ensure that work of lower level staff are reviewed.

Management Comments

We will institute a stricter policy on the review and approval of cash advance liquidations in order to determine which expenses are reasonable, allocable and allowable under the Contract Agreement.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
SUMMARY OF FINDINGS AND RECOMMENDATIONS
ON CONTRACT COMPLIANCE**

I. QUESTIONED COSTS

SALARIES AND WAGES

ERRONEOUS BASIS IN COMPUTING SALARY INCREASE

Condition

Effective July 1, 1991, the salary of Mr. Lemuel Miravalles, Project Team Leader, was increased by 20 percent. However, in computing for the increase, the Contractor used the monthly dollar rate of Mr. Miravalles instead of the monthly peso rate as required under generally accepted accounting principles. The adjusted dollar monthly rate and its equivalent peso monthly rate were computed as follows:

Original monthly dollar rate	\$	3,080
Add: 20% increase		<u>616</u>
Adjusted monthly dollar rate	\$	3,696
Exchange rate at the time of increase	P	<u>27</u>
Adjusted monthly peso rate	P	<u>99,792</u>

Criteria

The Grant agreement indicates that the approved itemized budget is stated in Philippine pesos. Also, the biographical data sheet of Mr. Miravalles that was submitted to U.S. AID indicates that his proposed monthly salary is stated in Philippine pesos. The two documents mentioned earlier -- the grant agreement and the biographical data sheet -- indicates that the salary of Mr. Miravalles is a Philippine currency transaction. Under generally accepted accounting principles, the measurement of the transaction must be in terms of the currency in which it was transacted.

Cause

The Contractor is not aware of the correct basis in measuring business transactions as required under generally accepted accounting principles.

Effect

There was an excess in the salary increase of Mr. Lemuel Miravalles by P142,128 as result of the incorrect basis. The excess salary using the peso salary rate as the correct basis is computed as follows:

Original monthly peso rate	P 70,000
Multiply by	<u>120%</u>
Correct adjusted monthly rate	84,000
Adjusted monthly rate used (see previous computation)	<u>99,792</u>
Excess monthly rate	15,792
Months where excess increase was applied	<u>9</u>
Total excess increase in salary	<u>P 142,128</u>

Of the total excess increase above, U.S. AID has already paid P94,752, representing the excess increase from July 1 to December 31, 1991; the balance of P47,376 has not yet been paid, but has been billed by the Contractor. The excess salary is included in the Fund Accountability Statement (FAS) stated shown in this report.

Recommendation

We recommend that U.S. AID resolve with the Contractor the excess increase in salary of P142,128 (\$5,264) and recover any amounts determined to be in excess of the allowable amount.

Management Comments

The basis used in computing for the salary increase of Mr. Lemuel Miravalles is his prevailing consulting rate, which is expressed in dollars. It is a standard practice in the consulting business, particularly for foreign funded projects, that consultants' rates are negotiated on a dollar basis, and converted to the local currency. The 20% increase in Mr. Miravalles's rate is based on SEA-BMB standard company policy (the maximum rate of increase is 50%). The adjusted daily rate of Mr. Miravalles of \$168.00/day is still way below the U.S. AID limit of \$350.00/day. Likewise, this adjustment was also incorporated in the financial budget which U.S. AID used in coming up with the revised contract amount.

On this basis, we request that the P142,128 excess salary as computed by the Auditors be approved by U.S. AID, as we feel that we did not violate any generally accepted accounting principle in this regard.

OVERBILLING AND NONPAYMENT BY THE CONTRACTOR OF THE PROJECT CONSULTANT'S SALARY

Condition

Ms. Gloria Gabilla, Short-term Administrative Assistant, worked from February 1 to 11, 1992 and went on leave for the period February 12 to 28, 1992. Nevertheless, in the 33rd billing, the Contractor billed U.S. AID for the full month's salary of Ms. Gabilla for February 1992 amounting to P23,760. U.S. AID has not yet paid this billing.

Criteria

Section B(6)(a) of the Grant Agreement stipulates that reimbursements of costs incurred under the contract should be limited to reasonable, allowable and necessary cost. FAR 52.216, a contract clause under Section I of the Grant Agreement, stipulates that payments to the Contractor should be in amount determined to be allowable in accordance with FAR Subpart 31.2.

Under FAR 31.205-3, compensation for personal services must be for work performed by the employee in the current year, and the total compensation must be reasonable for the work performed.

Cause

The Accountant thought that the consultant went on leave in March 1992.

Effect

There was an overstatement in the 33rd billing amounting to P15,170, computed as follows:

Billed cost	P 23,760
Amount that should be billed (salary from February 1-11, 1992)	<u>8,590</u>
Overstatement	<u>P 15,170</u>

The overstatement is included in the FAS shown in this report.

Recommendation

We recommend that U.S. AID resolve with the Contractor the billing overstatement of P15,170 (\$562) and disallow amounts determined to be overbilled.

Management Comments

We agree with the Auditors' findings. The overbilling of P15,170 can be deducted from our pending billings with U.S. AID.

TRAVEL AND PER DIEM

UNSUPPORTED TRAVEL COST

Condition

Certain costs of domestic travels were not supported by travel orders or itineraries indicating the names of travellers, dates of travel and purpose of the trips as duly approved by the Project Manager. Due to the absence of such documents, we were not able to ascertain if the costs of airfare amounting to P44,201 (including P12,583 which were not supported by used tickets) are allocable to the Project. This unsupported charges are included in the FAS shown in this report. Please see Attachment II for details. Of the P44,201 billed to U.S. AID, P29,352 is already reimbursed.

Criteria

Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a contract clause under Section I of the Grant Agreement, requires that the contractor shall maintain books, records, documents and other evidence and accounting procedures and practices regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing this contract.

Cause

While the Contractor's policy requires that an itinerary be submitted for approval to avail of travelling expenses and other benefits, this requirement is not being followed.

Effect

Travel costs not necessary and not related to the Project may have been charged to U.S. AID.

Recommendation

We recommend that U.S. AID resolve with the Contractor travel expenses of P44,201 (\$1,637) and recover any unsupported amounts.

Management Comments

SEA-BMB submitted documents to support travel expenses amounting to P38,950.

Auditors' Rebuttal

The documents submitted did not correct the documentation deficiency.

UNSUPPORTED AND EXCESSIVE PER DIEM CHARGES

Conditions

- (1) Cash advances were granted to Project staff who paid for the cost of meetings, consultants' per diem and honoraria and per diem of members of the Regional Private Advisory Committee (RPAC). All costs incurred were liquidated except for per diem, which the Contractor considered as incurred when advanced. However, consultants' per diem amounting to P35,200 were not supported by receipts signed by the Project consultants.
- (2) Moreover, per diem rates billed to U.S. AID were in excess of the Contractor's per diem rates or the maximum rates allowed by U.S. AID (whichever is lower), as shown below:

<u>Region No.</u>	<u>Amount Billed to U.S. AID</u>	<u>Contractor's Per Diem Rate or U.S. AID Rate whichever is lower</u>	<u>Excess to be Disallowed</u>
3	P 16,364	P 15,800	P 564
4	5,970	4,563	1,407
6	33,274	28,325	4,949
7	78,631	65,876	12,755
10	25,661	23,426	2,235
11	<u>38,599</u>	<u>31,962</u>	<u>6,637</u>
	<u>P 198,499</u>	<u>P 169,952</u>	<u>P 28,547</u>

Criteria

- (1) Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a contract clause under Section I of the Grant Agreement, requires that the contractor shall maintain books, records, documents and other evidence and accounting procedures and practices regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing this contract.

- (2) FAR 31.205-46 on Travel Costs, a regulation under FAR 52.215-7 (a contract clause under Section I of the Grant Agreement), requires that cost for lodging, meals and incidental expenses may be based on per diem, actual expenses or a combination thereof, provided the method used results to a reasonable charges. Except as provided shall be considered allowable only to the extent that they do not exceed, on a daily basis, the maximum per diem rates in effect at the time of travel.

Causes

- (1) The Accountant does not require the consultants to acknowledge in writing the receipt of the per diem. Upon granting of the cash advance, such advance is immediately taken up as incurred costs.
- (2) The Contractor has different per diem rates for U.S. AID and Asian Development Basic Jobs.

Effects

- (1) Per diem may not have been received by Project consultants.
- (2) Per diem charges to the Project are overstated. The amount of overstatement is included in the FAS shown in this report.

Recommendation

We recommend that U.S. AID resolve with the Contractor unsupported per diem of P35,200 (\$1,304) and excess per diem of P28,547 (\$1,057), and account for any unsupported or excessive costs.

Management Comments

We have subsequently provided supporting documents to substantiate our billing of P163,299 for per diem of Project consultants.

UNSUPPORTED AND CANCELED AIR FARE

Condition

The following costs of airfare billed by the Contractor to U.S. AID of P35,789 were not supported by used airplane tickets:

<u>Dates of Travel</u>	<u>Origin and Destination</u>	<u>Name(s) of Traveller(s)</u>	<u>Amount</u>
Aug. 30 - Sept. 4, 1990	Mla-Davao-Mla	L. Miravalles	P 4,404
Dec. 9, 1991	Mla-Iloilo-Mla	L. Miravalles G. Gabilla D. Lingasin	7,009
Dec. 19-24, 1991	Cebu-Mla-Cebu	B. Yntig	2,944
not known	Mla-Iloilo-Mla	L. Miravalles D. Lingasin G. Gabilla	12,384
Ticket canceled	Cebu Tagbilaran	RPAC Members	7,826
July 22-24, 1991	Mla-Cebu-Bohol Mla	Miravalles Lingasin	<u>1,222</u>
			<u>P 35,789</u>

U.S. AID has paid P20,155 of the total amount of P35,789. According to the Contractor, the used tickets for the trip on December 9, 1991 were submitted to U.S. AID. The request for reimbursement of the cost of airfare amounting to P12,384 has not been acted upon by U.S. AID.

All of the above costs are included in the FAS shown in this reports.

Criteria

Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 31.205-46 on Travel Costs, a regulation under FAR 52.215-7 (a contract clause under Section I of the Grant Agreement), requires that cost for lodging, meals and incidental expenses may be based on per diem, actual expenses or a combination thereof, provided the method used results in a reasonable charges.

Cause

The Contractor billed U.S. AID for the initial cash outlay in payment of the purchased airplane tickets. Adjustments to reflect subsequent cancellation of tickets, however, were not taken up in subsequent billings.

Effect

Costs of airfare billed to and paid by U.S. AID may not have been incurred. If so, the airfare costs charged to U.S. AID were overstated.

Recommendation

We recommend that U.S. AID resolve with the Contractor unsupported airfare costs of P35,789 (\$1,326), and recover unallowable costs.

Management Response

Supporting documents to substantiate the P28,754 cost airfare have been subsequently submitted.

Auditors' Rebuttal

Only one used ticket with a cost of P2,013 (\$75) was submitted. Other documents submitted consist of photocopies of invoices of the travel agency or unused plane tickets.

CONSULTANTS' ALLOWANCES

UNALLOWABLE CONSULTANTS' ALLOWANCES

Condition

The Project Team of three Consultants used car rental services for its out-of-town trips to nearby regions. As of February 29, 1992, the cost of car rental services, inclusive of gasoline, driver's overtime and toll fees amounted to P26,525. In addition, the Contractor paid the three consultants a fixed monthly allowance of P7,130 for:

Gasoline	P	2,130
Repairs and maintenance		1,000
Depreciation of motor vehicle (personal car of consultants)		<u>4,000</u>
	P	<u>7,130</u>

As of February 29, 1992, the Contractor has billed U.S. AID for consultants' allowance totalling P236,263. Of this amount, U.S. AID disallowed P215,683, as follows:

<u>Consultant</u>	<u>Gasoline</u>	<u>Maintenance</u>	<u>Depreciation</u>	<u>Total</u>
L. Miravalles	P 37,808	P 17,750	P 71,000	P 126,558
G. Gabilla	10,650	5,000	20,000	35,650
A. Salanio	9,585	4,500	18,000	32,085
A. Santos	<u>6,390</u>	<u>3,000</u>	<u>12,000</u>	<u>21,390</u>
	<u>P 64,433</u>	<u>P 30,250</u>	<u>P 121,000</u>	<u>P 215,683</u>

The remaining amount of P20,580 was included in the recent billings (32nd and 33rd billings) of the Contractor which are yet to be acted upon by U.S. AID. All of the above costs are included in the FAS shown in this report.

Criteria

Internal control standards require that transactions and other significant events be clearly documented and documentation be readily available for examination.

FAR 31.205-6 on Compensation , a regulation under FAR 52.215-7 (a clause under Section I of the Grant Agreement), stipulates that the portion of the cost of company-furnished automobiles that relates to personal use by employee (including transportation to and from work) is unallowable regardless of whether or not the cost is reported as taxable income to the employee.

Cause

The Contractor included depreciation, gasoline, repairs and maintenance of the consultants' personal vehicles and costs of land/inland travel in its detailed budget of transportation that was attached to its final proposal of Project expenses to U.S. AID. Because this served as a basis for the approved contract, and also because no communications to the contrary were received from U.S. AID, the Contractor assumed that the details in the proposal were also approved. Furthermore, it is not SEA-BMB's policy to require submission of supporting documents of actual expenses.

Effect

Payment of fixed transportation allowances in addition to actual transportation costs results to double billing of transportation expenses to the Project.

Recommendation

Since the allowances are not supported by the necessary documents, we recommend that consultants' allowances totalling to P236,263 (\$8,750) be disallowed for reimbursement unless the related documents were submitted.

Management Response

As a matter of company policy, we provide our consultants fixed transportation allowances to cover cost of gasoline, repairs and maintenance and depreciation for the use of their personal cars in relation to the Project. This is cheaper (P5,000/consultant) when compared to the cost of a brand new car (monthly amortization ranges from P8,000 - P12,000). The monthly gasoline allowance of P2,130 per consultant is also based on existing company policy and arrived at using a fixed allowance expressed in liters (300 liters per consultants per month). As per our company policy, the consultants are not required to liquidate these allowances as these are fixed. We also submitted to U.S. AID a copy of our company policy to support this expenditure when this was brought up in one of our monthly meetings in the past. U.S. AID personnel opined then that our company policy should prevail over U.S. AID rules.

Based on the above, we request that U.S. AID reimburse us the amount of P236,263, as this amount was already paid to the consultants concerned.

FRINGE BENEFITS

OVERBILLING OF 13TH MONTH PAY

Condition

The 13th month pay of Project personnel was erroneously computed. Also, the 13th-month pay of Ms. Angie Salanio, a Project consultant, was not paid. The overstatements or understatements are summarized below:

<u>Name of Individual</u>	<u>Date Employed</u>	<u>Amount Billed to U.S. AID</u>	<u>Correct Amount</u>	<u>Over (Under)</u>
Marilou Martin	June 17, 1990	1,550	1,679	(129)
Gloria Gabilla	August 1, 1990	13,860	9,900	3,960
Angie Salanio	Nov. 18, 1990	-	2,970	(2,970)
Net overpayment		<u>P 15,410</u>	<u>P 14,549</u>	<u>P 861</u>

U.S. AID has not paid the P15,410 pending receipt of the employees' employment contracts. The net overpayment of P861 is included in the FAS shown in this report.

Criteria

The Labor Code of the Philippines provides that employees should receive a 13th-month pay proportionate to the period of service rendered to the Company.

Cause

The Accountant committed an error in computing the 13th month pay of personnel by disregarding the month from which the staff started working for the Project.

Effect

The Contractor overpaid by P861 the 13th month pay of certain Project personnel.

Recommendation

We recommend that U.S. AID resolve with the Contractor the \$861 (\$32) overpayment of 13th month pay.

Management Comments

We agree with the findings of the Auditors and we will implement the following:

- a. **Gloria Gabilla** - the overpayment of P3,960 will be deducted from her future salary;
- b. **Angle Salanlo** - pay the consultant the amount of P2,970 as 13th month pay for 1991; and
- c. **Marilou Martin** - we can no longer make any adjustment as subject employee has already resigned effective February 27, 1992.

OTHER DIRECT COSTS

HONORARIA AND PER DIEM CHARGES WITHOUT PRIOR U.S. AID APPROVAL AND OTHER UNALLOWABLE COST OF MEETINGS

Condition

- (1) For every meeting attended, RPAC members were given honoraria of P500 as incentive for continuous active participation in such meetings. In addition, RPAC members from the provinces other than the place of meeting were given additional P500 per diem to cover costs of transportation, lodging and meals. The honoraria and per diem costs up to February 29, 1992 amounting to P196,400 were charged to Other Direct Costs account.

For attending RPAC meetings, Project consultants were also given per diem. The per diem granted to these Project consultants were charged to the Travel and Per Diem account and were intended to cover meals, lodging and laundry.

However, costs of these RPAC meetings, including costs of meals and snacks of P165,513 (including gratuities/tips to caterers of P6,171) and costs of accommodation, inland travel and hotel bills amounting to P20,216, were charged to the Project.

- (2) The Other Direct Cost account included the following items which were questionable:

o Unliquidated cash advances to defray costs of meetings as at February 29, 1992 which have been billed to U.S. AID	P 70,923
o Costs of meeting, publicity and promotions not supported by official receipts and/or vendors' invoice	<u>15,777</u>
	<u>P 86,700</u>

The above charges are included in the FAS shown in this report.

Criteria

- (1) The Contractor's policy on travel and per diem indicates that per diem already cover costs of accommodations, meals and other incidental expenses.
- (2) Internal control standards requires that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Under FAR 52-216-7, contract clause under Section I of the Grant Agreement, stipulates that for the purpose of reimbursing allowable costs, the term "costs" includes those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check or other form for actual payment for items or services purchased directly for the contract.

Under generally accepted accounting principles, cash advances do not constitute costs and expenses incurred but receivables subject to liquidation.

Causes

- (1) The Contractor indicated in its final proposal that honoraria and per diem will be granted to RPAC members participating in regular and special meetings. Because such proposal served as a basis for the executed contract for the Project, the Contractor assumed that the details of the proposal have also been approved. The Accountant considers the honoraria and per diem granted to the Project consultants and RPAC members as covering their lodging and meals only, and not the costs of meals and snack actually incurred during the meeting itself.
- (2) The Contractor billed U.S. AID for unliquidated costs. Also, the Contractor did not require that liquidation reports be adequately supported by source documents such as official receipts and invoices.

Effects

- (1) The costs of meals and snacks, lodging, inland travel and other hotel bills of P185,729 were unnecessary and excessive because per diem was already given.
- (2) Unliquidated cash advances of P70,923 and inadequately documented costs totalling P15,777 are unallowable.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P272,429 (\$10,090) in questioned costs and recover any unallowable costs.

Management Comments

When we prepared our financial budget for this Project, we believed that the individuals to be invited as members of the RPAC should be given honoraria and per diem as incentives for their active participation in said committees. This was decided upon because the individuals to be invited are prominent private businessmen and high ranking government officials in the regions. We have, in fact, stated in their appointment letters that they will be paid honoraria and per diem. Copies of these letters have been submitted to the PESO office.

We have already informed the RPAC members that U.S. AID will no longer pay them per diem and honoraria when attending RPAC meetings. Their reactions have been varied. The Chairman of RPAC IV, who comes from Batangas City, has already resigned because she does not see the point in coming down to Manila and spending her own money just to attend RPAC meetings.

In view of the above, U.S. AID should consider reimbursing us the sum of P196,400 as we have actually paid this amount to the RPAC members. With regard to other unallowable cost of meetings amounting to P86,700, supporting receipts for P68,356 have been presented subsequently to substantiate our claim.

Auditors' Rebuttal

The documents submitted pertain to cost which have already been accepted, or which have been questioned because they are either unreasonable, unallowable or unallocable to the Project.

RENTAL DEPOSITS BILLED TO AND PAID BY U.S. AID

Condition

Rental deposit of three months for the Project's office space totalling P30,712 was billed to U.S. AID. Of this amount, P20,680 was paid by U.S. AID. The rental deposit is part of the Other Direct Cost in the FAS shown in this report.

Criteria

Section B, paragraph 1 of the contract indicates that the contract is a cost reimbursement type. Under generally accepted accounting principles, rental deposits are assets and do not constitute actual costs incurred. In addition, the lease contract provides that the deposit shall be returned to the lessee at the termination of lease.

Cause

The Contractor considered the rental deposits as cost incurred for the Project.

Effect

Rental costs charged to the Project are overstated by P30,712.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P30,712 (\$1,137) in rental deposits and recover any unallowable costs.

We suggest that the rental deposits of P30,712 be disallowed as Project expenses and the P20,680 payment be refunded to U.S. AID.

Management Comments

We agree with the findings of the auditors. The amount of P30,712 should be treated as an asset and the P20,680 be deducted from our pending billings with U.S. AID.

DOUBLE BILLING OF PARKING FEES

Condition

Parking fees for the period October 1 to 31, 1991 amounting to P500 were billed twice in the Contractor's 26th and 28th billings. This was disallowed for reimbursement by U.S. AID. The correction for the double billing is not yet effected in the contractor's books.

Criteria

Under FAR 52.216-7, a contract clause under Section I of the Grant Agreement, for the purpose of reimbursing allowable costs, the term "costs" includes those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check or other form for actual payment for items or services purchased directly for the contract.

Cause

The accountant failed to make a proper review of its billing statements to U.S. AID.

Effect

This resulted to the double billing of costs to U.S. AID.

Recommendation

We suggest that U.S. AID not pay the Contractor for the P500 parking fees.

Management Response

The P500 parking fees which were billed twice in our 26th and 28th billings can be deducted from our pending billings with U.S. AID.

VALUE ADDED TAX (VAT) BILLINGS

Conditions

1. VAT on costs of publicity and promotions amounting to P33,502 was billed to U.S. AID. Of the total amount billed, P25,320 have already been reimbursed by U.S. AID.
2. VAT amounting to P6,973 for the purchase of stationeries and office supplies from VAT-registered suppliers was billed to U.S. AID. Out of the total amount, P6,925 was reimbursed to the Contractor.

The VAT are included in the FAS as part of Other Direct Cost.

Criteria

Effective January 1, 1988, the U.S. Government under Executive Order No. 273, Revenue Regulation No-5-87, Section 8(b)(2) and (C)(2), zero rated sales of goods, is exempted from paying the VAT. This exemption applies to U.S. Government suppliers as well. Contractors/vendors shall indicate this statement on their invoices for exemption purposes.

FAR 31.205-41, a criteria under FAR 52.216-7 (a contract clause under Section I of the Grant Agreement) for the allowability of costs, states that taxes from which exemptions are available to the contractor directly, or available to the contractor based on an exemption afforded the U.S. Government, except when the Contracting Officer determines that the administrative burden incident to obtaining the exemption outweighs the corresponding benefits accruing to the Government, are not allowable.

Cause

Certain official receipts from VAT-registered suppliers did not explicitly identify VAT. Hence, the Accountant did not realize that she was paying VAT that was nonchargeable to U.S. AID.

Effect

U.S. AID was billed for cost and expenses not allocable to the Project.

Recommendation

We suggest that the amounts of P25,320 and P6,925 which were reimbursed by U.S. AID be refunded by the Contractor and absorbed by the latter. Moreover, the total VAT amounting to P40,475 should be disallowed as a Project expense.

Management Comments

As the U.S. Government is exempt from paying VAT, we will absorb the cost of P33,502 and P6,973 which we have paid to our suppliers. We will request our suppliers, however, to issue us a certificate of creditable income tax for tax credit purposes.

INADEQUATE DOCUMENTATION OF CERTAIN COSTS OF PUBLICITY AND PROMOTIONS**Condition**

The costs of publicity and promotions amounting to P43,500 were not supported by source documents such as official receipts and statements of account or invoices. These were billed to and paid by U.S. AID. These costs are also included in the Other Direct Costs in the FAS shown in this report.

<u>Nature of Cost</u>	<u>Payee</u>	<u>Missing Document</u>	<u>Amount</u>
Press release	Vincent Rodriguez	Official receipt, invoices	P 5,000
Payment for artwork materials	Felix P. Fojas	Official receipt, invoices	18,500
Ad in a souvenir program	Felix P. Fojas	Check voucher, official receipt	10,000
Ad in Bicol Skills Olympics	Felix P. Fojas	Check voucher, official receipt	<u>10,000</u>
			<u>P 43,500</u>

Criteria

Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a clause on the Grant Agreement, requires that the Contractor maintains books, records, documents and other evidence and accounting procedures and practices, regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing the contract.

Cause

The Contractor did not require supporting documentation to be submitted. In addition, there was no proper review of the allocability of the charges being made.

Effect

Such disbursements may be disallowed by U.S. AID.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P43,500 (\$1,611) in unsupported publicity and promotion costs and recover any unsupported costs.

Management Comments

Receipts and other documents in support of our claim amounting to P38,800 have already been submitted.

Auditors' Rebuttal

Documents submitted pertain to other expenses which have already been allowed.

INADEQUATE DOCUMENTATION OF OFFICE SUPPLIES WITHDRAWALS**Condition**

- (1) The Contractor purchases supplies for its own operations and its projects (including this project). We noted, however, that costs of office supplies amounting to P65,557 billed by the Contractor, of which P59,322 was paid by U.S. AID, were not supported by cost sheets, debit memos or other form of interoffice billings. There were only logsheets evidencing the quantity and type of supplies withdrawn duly signed by the requisitioner from the Project Office. However, these logsheets did not indicate how the cost of the office supplies were computed.

- (2) In addition, the costs of calculators and other office supplies amounting to P4,445 billed and paid by U.S. AID were not supported by official receipts and vendors' invoices.

The above costs form part of the Other Direct Costs balance in the FAS shown in this report.

Criteria

Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a clause on the Grant Agreement, requires that the Contractor maintains books, records, documents and other evidence and accounting procedures and practices, regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred on anticipated to be incurred in performing the contract.

Cause

- (1) The Contractor did not adopt billing procedures. The Accountant merely summarized the logsheets and forwarded the total to the billing statement. These summaries, however, were no longer available for examination. Hence, no trail exists in determining the correctness of the amount of office supplies charged to the Project.
- (2) The Contractor did not strictly implement its policy that vendors' invoices and official receipts be secured and kept on file.

Effect

U.S. AID may be billed for costs of stationeries and office supplies of P70,002 not actually incurred by the Project Office.

Recommendation

We recommend that U.S. AID resolve with Contractor the P70,002 (\$2,593) in unsupported office supplies and recover any costs determined unsupported.

Management Comments

We will submit under a separate cover pertinent documentation for withdrawals of office supplies from the SEA-BMB general office supplies stock by the DTP project.

SALARIES OF SUPPORT STAFF NOT AUTHORIZED UNDER THE CONTRACT

Condition

The salaries of the following support staff and contractual personnel were billed to U.S. AID although this was not required under the contract:

<u>Name</u>	<u>Position</u>	<u>Period</u>	<u>Amount</u>
D. Lingasin	Project Assistant	8/90-6/91	P 50,907
M. Macasinag	Accountant	10/91-2/92	17,950
J. Marillo	Messenger	10/91-2/92	11,538
A. Bautista	Messenger	10/91-2/92	20,836
R. Guevarra	Messenger	10/91-2/92	4,979
M. Martin	Project Secretary	6/91-6/91	1,550
J. Rex	Trainee	-	<u>5,058</u>
			<u>P 112,818</u>

This cost is part of the Other Direct Costs balance in the FAS shown in this report.

Of the total amount presented above, P75,800 was reimbursed; P16,050 was temporarily disallowed pending receipt of details and supporting documents (payroll computations and time report); and P20,968 has yet to be acted upon by U.S. AID.

Criteria

From July 9, 1990 to June 30, 1991, the contract provides for the following staff to be hired:

- (1) Team leader/Project manager,
- (2) Short-term administrative assistant and
- (3) Short-term management assistant

Sec. C-C of Amendment No. 2 of the contract, for the period July 1, 1991 through June 30, 1992, provides that the Contractor's authorized staffing shall be as follows:

- (1) Team leader/Project manager,
- (2) Short-term administrative assistant(s),
- (3) Short-term management assistant-A,
- (4) Short-term management assistant-B,
- (5) Project officer,
- (6) Project accountant,
- (7) Project assistant and
- (8) Project secretary.

Cause

The Contractor has no allocation for salaries of these staff to its various projects and activities, and has decided to charge the entire amount to U.S. AID.

Effect

These costs may be disallowed by U.S. AID because these items are not provided for in the contract. Moreover, there is a double billing of expenses since the salaries of the accountant and messengers are also included in the overhead costs, a portion of which is also allocated to the Project.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P112,818 (\$4,178) in salary costs and recover any unallowable costs.

Management Comments

Support staff and contractual personnel other than the main consultants have been billed to U.S.-AID because they have been assigned to work specifically for the Project. Without these personnel, the consultants will be burdened with menial tasks such as accounting, administrative and secretarial work.

PARTICIPANTS TRAINING

UNALLOWABLE AND UNSUPPORTED TRAINING PROGRAMS

Condition

To date, the Contractor has conducted eight training programs. Below are these training programs conducted and the training costs incurred, including the amount of billed and questioned costs:

<u>Training Program</u>		<u>Billed Costs</u>	<u>Questioned Costs</u>	<u>Remarks on Questioned Cost</u>
Basic Supervisory Development	P	78,700	P 18,700	Administrative cost of the Project Secretariat and training costs without supporting documents. (See Criteria No. 1 below)
Skills Enhancement Program for Hospitality Trainor		66,100	6,100	Administrative costs of the Project Secretariat and training costs without supporting documents. (See Criteria No. 1 below)
Effective Time & Information Management		104,500	104,500	No supporting documents on file (See Criteria No. 1 below)
Job Evaluation		110,000	110,000	- do -
Basics of Exporting		94,508	94,508	- do -
Management Development Program		64,160	12,160	Contractor's share in the training costs as stipulated in the training action plan but was billed to U.S AID. (See Criteria No. 2 below)
Work Values Development		60,000	60,000	Conducted without prior approval of RPAC. (See Criteria No. 3 below)

<u>Training Program</u>	<u>Billed Costs</u>	<u>Questioned Costs</u>	<u>Remarks on Questioned Cost</u>
Basic Management Course for SMES			Training costs incurred without supporting documents; billings include VAT. (See Criteria No. 4 and 1 below)
	<u>428,764</u>	<u>242,556</u>	
	<u>P 1,006,732</u>	<u>P 648,524</u>	

All of the above costs are part of the Participants' Training balance in the FAS shown in this report.

Out of the P648,524 in questioned costs, P165,078 was disallowed for reimbursement by U.S. AID. All the other billings for the above training programs were paid by U.S. AID.

Criteria

- (1) Internal control standards require that all transactions and other significant events be clearly documented and the documentation be readily available for examination.

FAR 52.215-2, a clause in the Grant Agreement, requires that the Contractor maintains books, records, documents and other evidence and accounting procedures and practices, regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing the contract.
- (2) The training action plan provides for the Contractor's share in the training expenses of participants which should not be charged to U.S. AID.
- (3) The Project's policy requires all training proposals to undergo screening and approval process by the RPAC.
- (4) Under U.S. AID rules and regulations, the Project fund should not be used to pay taxes, duties, tariffs, excises, fees or other levies.

Cause

The training programs were conducted by the Contractor. They were able to bill the above costs even in the absence of supporting documents and without passing through the review process normally done by the Project Officer. In addition, the Project's Regional Secretariat usually bills the Project for the administrative cost of monitoring the training programs, evaluating project proposals, and other functions related to the project.

Effect

U.S. AID was billed for expenses of P648,524, which are not reasonable and allocable.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P648,524 (\$24,020) in unallowable cost and recover any costs determined unallowable.

Management Comments

Our explanations for the training programs conducted by SEA-BMB are as follows:

- a. **Basic Supervisory Development** - Part of the questioned cost of P18,700 is our profit from conducting this training program. The remainder is the 10% administrative fee of the RPAC Secretariat.
- b. **Skills Enhancement Program for Hospitality Trainor** - The P6,100 questioned cost pertains to the 10% administrative cost of the RPAC Secretariat which we have to pay just like other training institutions.
- c. **Effective Time and Information Management, Job Evaluation, and Basics of Exporting** - The original documents of the courses are with the DTP Project Office.
- d. **Management Development Program** - The questioned cost of P12,160 is actually our profit from undertaking the training. SEA-BMB is also a training institution just like any other training outfit, and we are entitled to certain returns for our endeavors as we are a "profit" oriented company.
- e. **Work Values Development** - We had a miscommunication with RPAC IV regarding this program but we will just absorb the cost of the training.
- f. **Basic Management Course for SME's** - This is the very first pilot training project conducted under the DTP Project. The cost of training included hotel and accommodation of the participants, which explains why the cost is quite big compared with other training courses. Likewise, this training program is for a total of eighty (80) hours. For the portion of the VAT, SEA-BMB will just absorb this cost and request the supplier for a certificate of creditable income tax for tax credit purposes.

UNLIQUIDATED CASH ADVANCES TO PRODUCT SPECIALIST

Condition

Cash advances for out-of-pocket expenses amounting to P82,500 of Ms. Cristina Pamintuan, Project Consultant, remains unliquidated as of examination date. The cash advance was billed and reimbursed by U.S. AID and part of the Participants' Training balance in the FAS shown in this report.

Criteria

Internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Cause

The Contractor allowed the Project Consultant to liquidate the cash advance without the related supporting documentation.

Effect

The Contractor had no assurance that the P82,500 for out-of-pocket expenses was spent for the Project.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P82,500 (\$3,056) in unsupported out-of-pocket expenses and recover any unsupported amounts.

Management Comments

We will submit under a separate cover receipts to support the Products Specialist's expenses, as she is on an out-of-town trip and will be back in Manila only by June 8.

UNPAID BILLING FOR OUT-OF-POCKET EXPENSES OF PRODUCT SPECIALIST

Condition

In the second contract, the Project Consultant was given an allowance for travel and transportation expenses which was subject to liquidation. However, the Contractor billed U.S. AID for P168,107, which was the amount of cash advance given to the Project Consultant and of which P20,483 was paid by U.S. AID. U.S. AID disallowed payment of the remaining balance of P147,624 pending submission of supporting documentation.

We also noted that the amount of the actual expenses incurred by the Product Specialist as shown in the liquidation report is P209,032.

We reviewed the liquidation report and found inadequately supported cost items including car maintenance, rental and car parts and accessories. These inadequately supported costs are as follows:

Car rental	P	19,000
Purchase of car accessories		2,415
Purchase of car wheels		2,150
Car maintenance		<u>2,000</u>
	P	<u>25,565</u>

Criteria

FAR 31.201-3, a regulation under FAR 52.215-7 (a contract clause under Section I of the Grant Agreement), on Determining Reasonableness, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of the competitive business. What is reasonable depends upon a variety of considerations and circumstances, including whether it is the type of cost generally recognized as ordinary and necessary for the conduct of the Project.

Cause

The Contractor did not review the liquidation of cash advances to determine if expenses were within the terms of the contract with the Product Specialist.

Effect

There was an understatement in the billing amounting to P15,360, computed as follows:

Total liquidation of cash advances	P 209,032
Less questioned costs	<u>25,565</u>
Total allowable costs	<u>183,467</u>
Amount billed to U.S. AID	
25th billing	34,482
26th billing	34,482
28th billing	30,140
29th billing	34,482
30th billing	<u>34,521</u>
Total billed cost	<u>168,107</u>
Not yet billed to U.S. AID	<u>P 15,360</u>

The amount still payable by U.S. AID to the Contractor could then be computed as follows:

Total allowable costs	P 183,467
Less: Payment by U.S. AID (30th billing)	<u>20,483</u>
Payable by U.S. AID	<u>P 162,984</u>

The understatement of P15,360 is not part of the FAS shown in this report.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P15,360 (\$569) unbilled Project costs and reimburse the Contractor for any allowable costs.

Management Comments

U.S. AID should reimburse us the balance of P162,984 pertaining to out-of-pocket expenses which we have already paid to the Product Specialist.

UNALLOWABLE TRAINING AND ADMINISTRATIVE COSTS

Condition

The Contractor billed U.S. AID unallowable costs that include P606,803, which is 10 percent administrative cost of the training costs; VAT, travel tax, insurance, interest and other inadequately supported expenses of P23,881; and overbilling of actual training costs of P159,220. These expenses form part of the Participants' Training balance in the FAS shown in this report and are shown in Attachment III - List of Various Unallowable Expenses.

Aside from the 10 percent administrative cost, the Secretariat also bills the Contractor their actual expenses in administering the training programs.

Criteria

FAR 31.201-3, a regulation under FAR 52.215-7, (a contract clause under the Grant Agreement), provides that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Under Executive Order No. 273, Revenue Regulation #5-87 Section 8(b)(2), zero-rated sales of goods, the U.S. Government is exempt from paying Value-Added-Tax. This exemption applies to U.S. Government suppliers as well. Moreover, FAR 31.205.41 provides that taxes from which exemptions are available to the Contractor directly, or available to the Contractor because of an exemption afforded the U.S. Government are unallowable cost.

FAR 52.215-2, a clause on the Grant Agreement, requires that the Contractor maintains books, records, documents and other evidence and accounting procedures and practices, regardless of form or type, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing the contract.

Cause

The Contractor did not adopt voucher review procedures and is not aware that U.S. AID is exempt from taxes like VAT and travel taxes.

Effect

Administrative cost was incurred and billed twice -- cost of the RPAC Secretariat and administrative cost of both SEA-BMB and the project themselves. In addition, unallowable costs were billed and billing reports were overstated.

Recommendation

We recommend that U.S. AID resolve with the Contractor the P789,904 (\$29,256) in questioned costs and recover any unallowable amounts.

Management Response

Most of the questioned costs as shown in Attachment III of the Auditors' report pertain to the 10 percent administrative fee paid to the RPAC Secretariats. The observation of the Auditors that there is double billing of administrative cost is not correct because the Secretariats are not charging their actual expenses in administering the program. Rather, they get paid for their actual expenses upon receipt of the 10 percent administrative fee. In cases where there are indeed double billings (Supervisory Development Program conducted by Resource Associates on November 19-23, 1991) these should be deducted from our pending billings.

Regarding the 10 percent administrative cost, we believe that this is reasonable because the Secretariats, which are composed of three to five staff, are not our employees, and they should be compensated for their time and effort in administering the project in their respective regions. Also, part of the administrative fee pays for other expenses of the Secretariat such as office supplies and photocopying and communication costs.

FIXED FEE

OVERBILLING OF FIXED FEE

Condition

The Contractor is entitled to a fixed fee equivalent to 10 percent of total disbursements, excluding participants' training costs. As of February 29, 1992, a fixed fee amounting to P526,536 has already been billed to U.S. AID, of which P399,679 have been paid. The total fixed fee is shown under Fixed Fee in the FAS's shown in this report. The total amount of fixed fee billed was based on the unaudited amount of Project disbursements. The unallowable costs as discussed in various parts of this report have not yet been considered.

Criteria

Section B-7 of the Contract states that "at the time of each payment to the Contractor on account of allowable Peso costs, the contractor shall be paid a Peso amount which is in the same ratio to the total fixed fee as the related payment being made on account of allowable Peso costs is to the total estimated cost, as amended from time to time".

Cause

The contractor was billed and paid by U.S. AID for 10 percent of all costs billed, excluding costs of participants' training.

Effect

Total fixed fee billed to U.S. AID is overstated by P97,803 as a result of the disallowance of certain disbursements computed as follows:

Total reimbursable costs billed to U.S. AID	P 14,792,148
Less total questioned costs excluding those related to fixed fee	<u>2,614,163</u>
Total allowable costs	12,177,985
Divided by total estimated cost excluding fixed fee	<u>23,411,266</u>
Proportionate rate	52%
Multiplied by total budgeted fee	<u>845,588</u>
Should be amount of fixed fee	439,706
Less actual fixed fee billed to U.S. AID	<u>526,536</u>
Overbilling	<u>P 86,830</u>

To date, U.S. AID has reimbursed the Contractor for fixed fee billings amounting to P399,679.

Recommendation

We recommend that U.S. AID resolve with the Contractor the overbilling P86,830 (\$3,216) and disallow any unallowable amounts.

Management Comments

This overbilling will be appropriately adjusted to reflect the adjustments outlined in this report as well as the comments already noted by the Auditors in our meetings held on May 18 and 26, 1992.

II. OTHERS

NONPAYMENT BY THE CONTRACTOR OF ANNUAL SALARY INCREASE

Condition

In its 28th billing for November 1-15, 1991, the Contractor charged U.S. AID an additional amount representing retroactive adjustment of the salaries and wages of the following personnel:

<u>Name</u>	<u>Rate</u>		<u>Difference</u>	<u>No. of Months</u>	<u>Amount of Adjustment</u>
	<u>New</u>	<u>Old</u>			
L. Miravalles	P99,792	P70,000	P 29,792	4.5	P 134,064
G. Gabilla	23,760	20,000	3,760	3.5	<u>13,160</u>
					<u>P 147,224</u>

U.S. AID reimbursed the 28th billing, including the above adjustments, on January 29, 1992.

Likewise, in its 29th (November 16-30, 1991) and 30th (December 1-15, 1991) billings, the Contractor billed U.S. AID the amount of salaries and wages using the new rate of salaries of the above personnel. The 29th and 30th billings were reimbursed by U.S. AID in February 21, 1992 and March 3, 1992, respectively. However, the Contractor has not paid the concerned personnel their salary increases.

Moreover, in its 31st to 33rd billings (covering the period December 16, 1991 to February 29, 1992), the Contractor billed U.S. AID the new salary rate but paid the concerned personnel the old salary rate. The 31st to 33rd billings are yet to be reimbursed by U.S. AID.

Criteria

FAR 52.216-7, a contract clause under Section I of the Grant Agreement on Allowable Cost and Payment, defined reimbursable allowable costs as recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check or other form of actual payment for items or services purchased directly for the contract; and when the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, cost incurred, but not necessarily paid for. However, under Section H paragraph 6 of the contract, the Contractor may invoice and be paid even though it has not yet paid those items, provided such costs are paid within 30 days from receipt of payment from U.S. AID.

Cause

The Contractor wanted to ensure that before it pays the consultants, U.S. AID pays the increases in salary first.

Effect

The Contractor violated the contractual provision of paying Project expenses within 30 days upon receipt of payment from U.S. AID. The Contractor's non-compliance with the contract provision may be a cause for termination of the contract.

Recommendation

We recommend that U.S. AID resolve with the Contractor the unpaid salary adjustments of its personnel.

Management Comments

We are withholding payment of consultants' annual salary increase pending the approval of U.S. AID of our reimbursements for consultants' allowances, which are still disallowed, but we have already paid the consultants.

DELAYED PAYMENT OF TRAINING COSTS

Condition

U.S. AID reimbursed the Contractor for certain training costs even though such costs have been paid by the Contractor. It took more than 30 days before the Contractor was able to pay the training institutions. See Attachment IV for the List of Delayed Payments of Training Costs.

Criteria

Section H, paragraph 6 of the contract, the Contractor may, in some circumstances, invoice and be paid for recorded costs for items or services purchased even though the Contractor has not yet paid for those items or services; provided, that such costs are paid within 30 days after the Contractor's receipt of payment from U.S. AID for such costs.

Cause

The Contractor used reimbursements from U.S. AID to pay other expenses which had to be settled first.

Effect

The Contractor has been delayed in paying contract costs of P1,206,450 (\$44,684) ranging from 3 to 53 days.

Recommendation

We suggest that the Contractor strictly comply with the stipulations of the contract. Otherwise, nonpayment of Project expenses within 30 days upon receipt of payment from U.S. AID may result to termination of the contract.

Management Response

We will strictly comply with stipulations of the grant agreement once these audit findings are finally resolved and U.S. AID reimburses/pays us our outstanding billings.

IMPROPER PREPARATION OF REQUEST FOR REIMBURSEMENT

Condition

The request for reimbursement is prepared twice a month by the Contractor's general accounting staff and signed by the Contractor's Executive Vice President and General Manager.

Criteria

Section C of the contract amendment, provides that the Contractor is allowed to prepare and submit to U.S. AID requests for reimbursement on a monthly basis. These requests will be prepared by an accountant hired specifically for the Project and should contain the signatures of the Contractor's Executive Vice President and General Manager and the PS-DTP Project Manager.

Cause

The Contractor prepared requests for reimbursements as expenses incurred to ensure continuous implementation of the Project.

Effect

The Contractor bills U.S. AID twice a month, which is against the provisions of the Contract.

Recommendation

We recommend that U.S. AID resolve with the Contractor the frequency of submitting reimbursement requests.

Management Response

We will fully comply with the requirements of the contract, particularly in the preparation of requests for reimbursements which should be done on a monthly basis.

ABSENCE OF A SEPARATE BANK ACCOUNT FOR THE PROJECT

Condition

The Contractor does not maintain a separate and exclusive bank account for the Project. The Contractor maintains one general bank account for all its projects.

Criteria

Section C of the contract amendment requires the Contractor to maintain a separate bank account for the Project.

Cause

The Contractor believed that because the contract is a cost-reimbursement type, there is no need to maintain a separate bank account for the Project.

Effect

Project funds may have commingled with the Contractor's funds.

Recommendation

We recommend that U.S. AID require the Contractor to open a separate bank account for the Project to properly account for and monitor the funds received from U.S. AID.

Management Comments

We have already opened a separate bank account for the project with Far East Bank & Trust Co., Pasay Road Branch (Current Account No. 0011-06296-7).

INCOMPLETE PROJECT STAFFING

Condition

At present, the Project Team is composed of the following:

Lemuel Miravalles	-	Team Leader
Angie Salanio	-	Short-term Administrative Assistant (employed on Nov. 18, 1991)
Gloria Gabilla	-	Short-term Administrative Assistant (employed on Aug. 1, 1991)
Deanna Lingasin	-	Project Officer (employed on Aug. 1, 1990)
Bienvenido Atienza	-	Project Assistant (July 8, 1991 - Feb. 15, 1992)
Marilou Martin	-	Project Secretary (June 17, 1991 - Feb. 29, 1992)

The Contractor did not hire Management Assistants and a Project Accountant for the period July 1, 1991 to June 30, 1992, in violation of the terms of the contract. On the other hand, we noted that other support staff not required under the contract were hired. The Project office has one accounting staff, one messenger and one utility person.

Criteria

According to Section C of the amended contract, the Contractor's authorized staffing for the period July 1, 1991 through June 30, 1992 shall be as follows:

Team Leader	260 person days
Short-term administrative assistant(s)	220 person days
Short-term management assistant	176 person days
Short-term management assistant	176 person days
Project officer	260 person days
Project accountant	260 person days
Project assistant	260 person days
Project secretary	260 person days

Under Section H, paragraph 2, on Level of Effort of the amendments to the contract, for the period July 9, 1990 through June 30, 1991, the level of effort for the performance of the technical services is as follows:

Team Leader	260 person days
Short-term administrative assistant	88 person days
Short-term management assistant	66 person days

Comment

The Contractor did not consider it necessary to fill the other authorized positions shown in the budget. On the other hand, the hiring of other personnel for unauthorized positions were made to perform accounting, administrative and secretarial work for the Project.

Effect

The budget for the whole Project Team which was supposed to be for eight positions is being applied for five positions only.

With regard to the level of effort, the Administrative Assistants have exceeded the number of person days allocated for their position.

Deanna Lingasin, who started as Project Assistant in 1990, was one of those not authorized by the Contracting Office in the first year of the Project. Her salaries were charged to Other Direct Costs account.

Other support staff were also not provided for in the Contract. Thus, the charges to Other Direct Costs for the salaries paid to these support staff are unallowable costs.

The Project Assistant also performed some of the responsibilities of a Project Accountant like monitoring of accounts payable to training institutions.

Recommendation

We recommend that U.S. AID resolve with the Contractor the level of effort required.

Management Comment

We have not complied with the stipulations of our contract in terms of Project staffing because of the Stop-Work-Order from U.S. AID.

ERRONEOUS CLASSIFICATION OF COSTS

Condition

Certain charges, such as costs of participants' training and travel and per diem, were erroneously charged as costs of meeting. The details of these charges are shown below.

<u>NATURE OF COSTS</u>	<u>DATE OF MEETING</u>		<u>AMOUNT</u>
Travel and per diem - car rental (Region 4)	June 20, 1991	P	1,500
Travel and per diem - additional plane fare	July 5-7, 1991		229
Training - per diem of AIM trainees	July 22-29, 1991		9,500
Training - stipend of 5 AIM trainees	Nov. 4-10, 1991		8,750
Training - stipend of 5 AIM trainees	Nov. 18-27, 1991		<u>8,750</u>
		P	<u>28,729</u>

Criteria

Internal control standards require that transactions and other significant events be clearly documented and the documentation be readily available for examination.

Section B, paragraph 3 of the contract required the Contractor not to exceed the estimated peso cost for any individual line item of cost by more than 15% of such line item, except for indirect costs and salaries and wages which may not be exceeded unless approved by the U.S. AID. For this reason, proper classification of expenses should be observed.

Cause

Costs were billed to U.S. AID without proper supporting documentation.

Effect

Cost of meetings were overstated by P28,729, while travel and per diem and costs of participants' training were understated by P1,729 and P27,000, respectively.

Recommendation

We recommend that U.S. AID ensure that the Contractor adjust its books to reflect the correct balance of each line item.

Management Comments

The amount of P28,729 which was erroneously charged as cost of meetings will be adjusted and reflected as cost of participants' training.

**INCORRECT CLASSIFICATION OF THE SALARIES OF
SUPPORT STAFF AUTHORIZED UNDER THE CONTRACT**

Condition

The salaries of the support staff as authorized under the contract from July 1, 1991 to October 31, 1991 were included and billed as part of other direct costs, not as part of salaries and wages. This amounted to P105,187, computed as follows:

Project assistant/Project officer	P 73,438
Project assistant	17,705
Project secretary	<u>14,044</u>
	<u>P 105,187</u>

Criteria

Compensation of personnel, which is charged as a direct cost under the contract, is specifically identifiable to one cost account - Salaries and Wages. Under Sec H-4 (b) of the Contract, the term "Salaries", "Wages" and "Compensation" means the periodic remuneration received for professional or technical services rendered, exclusive of any of the differentials and allowances defined in the clause of the contract entitled "Differentials and Allowances".

Cause

The Contractor thought that only the salaries of the technical staff composed of the long-term leader/manager, short-term administrative assistant and short-term management assistant as provided for in the contract, shall be included under salaries and wages, as indicated in the final proposal submitted to U.S. AID.

Effect

Incorrect reporting of total salaries and wages was made.

Recommendation

We suggest that the salaries of the support staff amounting to P105,187 (\$3,896) be reclassified to salaries and wages.

Management Comments

We have already reclassified the amount of P105,187 as part of salaries and wages and not of other direct cost.

The preceding findings and recommendation on contract compliance pertain to matters which do not affect the Fund Accountability Statement are in addition to our Finding and Recommendation discussed in Inadequate Documentation of Salaries of Project Consultants on Page 19.

As discussed on Page 19, we were not able to examine sufficient evidential matter to enable us to determine whether the consultants' salaries amounting to P1,815,916 (\$67,256) during the duration of the Project are reasonable, allocable and allowable.

ATTACHMENT I

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY
SEA-BMB CONSULTANTS, INC
LIST OF AGREEMENT AND APPLICABLE LAWS AND REGULATIONS REVIEWED**

GRANT AGREEMENT NO. AID 492-0439-C-00-0106-00

Development Training Project - Private Sector Component

FEDERAL ACQUISITION REGULATION Part 31

Contract Cost Principles and Procedures

FEDERAL ACQUISITION REGULATION Part 32

Solicitation Provisions and Clauses

A.I.D. HANDBOOK 14 SUBPART 752-2

Texts of Provisions and Clauses

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
 DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
 PROJECT NO. 492-0439-C-00-0106-00
 ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
 LIST OF INADEQUATELY SUPPORTED TRAVEL AND PER DIEM EXPENSES

Type of Documentation Deficiency	Inclusive Dates of Travel	Region and Locality	Name(s) of Travellers	Nature of Cost	Amount
A	March 6, 1991	VII - Cebu	V. Rodriguez	plane fare	P 4,090
B	March 14, 1991	w/in Manila	D. Lingasin	car rental	1,000
A	May 8-10, 1991	VII - Iloilo	V. Rodriguez	plane fare	2,329
B	May 17-18, 1991	XI - Davao	L. Miravalles	plane fare	5,267
B	July 12-14, 1991	VII - Cebu VI - Bacolod	L. Miravalles D. Lingasin	plane fare plane fare	5,251 5,251
A,B	October 20-21, 1991	XI - Davao	V. Rodriguez	plane fare	6,164
B	December 13-14, 1991	XI - Davao	L. Miravalles D. Lingasin G. Gabilla	plane fare	14,849
					----- P 44,201 -----

Type of Documentation Deficiency	NATURE
A	Used plane ticket not available
B	Purpose not documented

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT-PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-01-0108-00
ADMINISTERED BY SEA-BMS CONSULTANTS, INC.
LIST OF VARIOUS UNALLOWABLE EXPENSES

TRAINING PROGRAM	BILLING NO	REGION NO	TRAINING INSTITUTION	PERIOD	BILLED AMOUNT	QUESTIONED COST			TOTAL QUESTIONED COST	EXPLANATION
						ADMIN COST	OVER(UNDER) BILLING OF TRAINING COST	OTHERS		
Gas Engine Overhauling	6.9	XI	RAIB	Nov. 17-30, 1990	P 166,012	P	P		P	
Advance Supervisory Dev't	6.9	XI	RUIB	Nov. 17-30, 1990	110,012					
Bakery Productivity & Profitability	8	IV	Asian Bakery Institute	Jan. 7-11, 1991	115,078	6,760		40,718		
Computer Training Course	9	X	CIT-XU	Nov. 13-Dec. 29, 1991	85,720					
Kin Drying for SMES	11	IV	ASEAN Timber	Mar. 16-22, 1991	5,368	763				Insurance
Basic Mgt. Course	12	VII	Resources Associates	Mar. 12-14, 1991	48,400	4,400		1,449		
Asset I: Supervisory Tech. & Prac.	18	VII	Tread, Inc.	April 1-3, 1991	66,000	6,000				
SDPI I: Basic Supervisory Dev't	18	VII	Florman Corp.	March 18-20/25-27	66,000	6,000				
F&B Services, San. & Bartending	18,18	VI	Joji Ilagan	Feb. 25 - Mar. 20, 1991	49,500	4,500				
Train the Trainers Course	18	VII	Euro-Asia	April 2-12, 1991	50,600	4,600				
Food Service, Cust. Rel. & Bartending	18	VII	Joji Ilagan	April 5-19, 1991	49,500	4,500				
Supervising for Productivity Imp.	18	VII	Tread, Inc.	April 5-7, 1991	66,000	6,000				
Supervising Effectiveness Workshop	18	VII	Euro-Asia	April 16-30, 1991	61,600	5,600				
Prof. Mgt. Program	18	VII	Resources Associates	April 22-27, 1991	44,000	4,000				
Bakery Prod'n & Oper'n Mgt.	18	IV	Asian Bakery Institute	April 1-5, 1991	55,573	4,823		1	1,415	Interest
Basics Exporting	19	IV	PTTC	June 17-21, 1991	3,650	350				
Furniture Finishing	19	IV	CITC	June 17-22, 1991	19,800	1,800				
Rattan Furnishing Materials Tech.	20	IV	CITC	June 27 - July 2, 1991	1,300	50				
Rattan Production Technology	20	IV	CITC	June 27 - July 2, 1991	1,990	80				
Rattan Production Technology	20	IV	CITC	July 3-9, 1991	2,570	120				
Rattan Furniture Surface Finishing	20	IV	CITC	July 10-12, 1991	2,400	150				
How to Negotiate with Foreign Buyers	20	IV	PTTC	June 27-29, 1991	3,485	315				
Biscuits, Crackers & Oriental Pastry	20	VII	Asian Bakery Institute	April 9-13, 1991	46,200	4,200				
Supervising Dev't. Program	20	VII	Florman/Vast Resources	April 29 - May 2, 1991	46,200	4,200				
Meeting the Productivity Challenge	20	VII	Resources Associates	May 7-9, 1991	49,500	4,500				
Welding Course	20	XI	Industrial Tech. Found	April 2-17, 1991	62,405	7,491				
Underchassis Mechanic Course	20	XI	RAIB	April 15-30, 1991	60,368	7,308				
Computer Hardware Repair & Maint.	20	XI	RUIB	April 24 - May 1, 1991	79,047	7,186				
Basic Heat Treatment	21	IV	MIRDC	July 8-13, 1991	3,190	290				
Construction Planning & Control	21	IV	UP-NEC	July 10-12, 1991	36,500	3,000		5,500		
Financial Management	22	IV	Asian Inst. of Banking	June 24-28, 1991	71,170	6,470				
Upgrading Food Service, Sanitations and customer relations	22	VII	Joji Ilagan	May 18 - June 14, 1991	44,550	4,050				
Enhancing Production thru Possible Work Values	22	VII	Tread, Inc.	May 6-11, 1991	49,500	4,500				
Basic Supervisory Dev't. Program	22	VII	Florman Corp.	May 28-30, 1991	63,600	5,800				
	22	VII	Tread, Inc.	April 28-28, 1991	66,000	6,000				
Skills Upgrading for F&B Service	22	VII	Euro-Asia	April 15 - May 4, 1991	49,500	4,500				

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT-PRIVATE SECTOR COMPONENT
PROJECT NO. 482-0439-C-00-01-0106-00
ADMINISTERED BY SEA-BMG CONSULTANTS, INC.
LIST OF VARIOUS UNALLOWABLE EXPENSES

TRAINING PROGRAM	BILLING NO	REGION NO	TRAINING INSTITUTION	PERIOD	BILLED AMOUNT	QUESTIONED COST			TOTAL QUESTIONED COST	EXPLANATION
						ADMIN COST	OVER(UNDER) BILLING OF TRAINING COST	OTHERS		
Small Ent. Mgt. in the Phil. Setting	22	VII	Psytech Mgt.	June 26-29, 1991	66,000	6,000			6,000	
Service Plus Workshop:	22	VII	Euro-Asia	May 27 - June 13, 1991	49,500	4,500			4,500	
Managing Finances in Diff. Times	22	VII	Tread, Inc.	May 29 - June 1, 1991	71,418	6,493			6,493	
Basic Mgt. Course	22	XI	Ind'l Mgt. Devt. Center	May 14-16, 1991	12,350	3,850			3,850	
Diesel Engine Oper'n & Maintenance	22	XI	Ind'l Tech. Foundation	May 21-25, 1991	4,843	3,813			3,813	
Upgrading Trng. on Cutleries Making	22	VI	MIRDC	May 14-18, 1991	55,177	3,000			3,000	
Upgrading Trng. on Cutleries Making	22	VI	MIRDC	May 20-24, 1991	50,842	5,020		4,166	9,186	VAT
System Loss Reduction Seminar	23	VI	Borra & Associates	June 24-26, 1991	59,780	5,435			5,435	
Small Ent. Mgt. in the Phil. Setting	23	XI	Psytech Mgt.	July 30 - August 1, 1991	66,000	6,000			6,000	
Maintenance for Machine Shop	23	IV	MIRDC	August 7-10, 1991	1,980	180			180	
Diesel Engine Overhauling Course	23	XI	RAIB	July 10-25, 1991	103,118	9,374			9,374	
Earthworks & Heavy Equip. Mgt.	23	X	CMDP & COCA	July 8-12, 1991	41,504	3,773			3,773	
Car & Bus Airconditioning	23	X	Asian Automotive Center	April 24 - May 16, 1991	164,285	14,935				
Communication Equip. Repair & Maint.	23	XI	RUIB	July 29 - August 5, 1991	73,462	6,678	41,864	14,417	71,216	P7,089.64 VAT and P7,327.27
Foreman/Supervisions Upgrdg. Program	23	X	NYMC	June 17-22, 1991	44,000	4,000			4,000	
Foreman/Supervisions Upgrdg. Program	23	X	CIT-XU	May 20-31, 1991	55,000	5,000			5,000	
Skills Upgrading for F&B Services	24	VII	Euro-Asia	June 26 - July 5, 1991	24,750	2,250			2,250	
Skills Upgrading for Housekeeping	24	VII	Euro-Asia	August 5-15, 1991	24,750	2,250			2,250	
Effective H & R Serv. & Cust. Rels.	24	VII	Joji Ilagan	August 5-9, 1991	56,064	5,097			5,097	
Computer based MIS	24	VII	Resource Associates	August 15-17, 1991	26,400	2,400			2,400	
Spvsg. for Prod. Imp. in the Fashion Ind.	25	VII	Tread, Inc.	August 7-10, 1991	63,800	5,800			5,800	
Spvsg. for Proc. Imp. in the Fur. Ind.	25	VII	Tread, Inc.	June 10 - July 27, 1991	66,000	6,000			6,000	
Quality Control in the Fish Ind.	25	VI	IFPT-UP Coll. of Fisheries	August 5-9, 1991	53,062	4,824		236	5,060	
Mktg. Mgt. Opportunities & Practices	25	IV	MSEUF-SBI	September 4-8, 1991	55,000	5,000			5,000	
Marpower Impowement for Uplift Prnd.	25	VII	Florman Corp.	September 12-15, 1991	50,600	4,600			4,600	
F&B Serv. Cust. Rels & Sug. Upsell. Tec	25	VII	Joji Ilagan	Aug. 15 - Sept. 3, 1991	49,500	4,500			4,500	
Basics of Exporting	25	IV	PTTC	September 23-27, 1991	3,080	280			280	
Service Plus Workshop:	25	VII	Euro-Asia	September 2-7, 1991	46,200	4,200			4,200	
Special Skills Upgdg Crse fr Electr'n's	26	VII	RUIB	August 19-25, 1991	40,500	3,000			3,000	
Upgdg. Trng. on Ceramics Making	26	X	DTI	July 1-5, 1991	49,412	4,492			4,492	
ElectrcalArc&OxygenGasWelding&Cuttr	26	X	Cagayan de Oro COCI	June 3 - July 14, 1991	49,500	4,500			4,500	
Baking Science Course	26	IV	Asian Bakery Institute	Sept. 30 - Oct. 18, 1991	3,300	300			300	
Mfg. & Mktg. of Mouldings	26	IV	ASEAN Timber	September 24-27, 1991	4,539	413			413	
Work Value	26	X	PETROSI	September 27-29, 1991	57,200	5,000			5,000	
Work Value	26	X	PETROSI	October 8-10, 1991	57,200	5,000			5,000	
Work Value	26	X	PETROSI	September 24-26, 1991	32,511	2,955			2,955	
Work Value	26	X	PETROSI	Sept. 30 - Oct. 2, 1991	44,000	4,000			4,000	
How to do Business in Hawaii	26	IV	PTTC	Sept. 26-27, 1991	1,320	120			120	
Mechanical Technology	26	X	NMYC	June 18-30, 1991	42,900	3,900			3,900	
Small Engine Mechanic	26	X	NMYC	June 17-22, 1991	23,100	2,100			2,100	
Wood Furniture Const. Upgrading	26	X	Cagayan de Oro COCI	June 1-10, 1991	107,719	9,792		1,773	11,565	

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT-PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0-138-C-00-01-0106-00
ADMINISTERED BY SEA-BMS CONSULTANTS, INC.
LIST OF VARIOUS UNALLOWABLE EXPENSES

TRAINING PROGRAM	BILLING NO	REGION NO	TRAINING INSTITUTION	PERIOD	BILLED AMOUNT	QUESTIONED COST			TOTAL QUESTIONED COST	EXPLANATION
						ADMIN COST	OVER(UNDER) BILLING OF TRAINING COST	OTHERS		
Tutorial Plus on Microcomputers	26	X	Cagayan de Oro COCI	June 24-29, 1991	41,250	3,750			3,750	
Productivity Imp Circle Workshop	26	VII	RUIB	September 11-18, 1991	49,500	4,500			4,500	
Customer Service Excellence	26	VII	Cora Doloroso	September 18-22, 1991	66,300	6,000	300		6,300	
Work Value	27	X	PETROSI	October 17-19, 1991	63,800	5,800			5,800	
Work Value	27	X	PETROSI	October 14-18, 1991	69,911	6,355			6,355	
Train the Trainers Program	27	X	Euro-Asia	October 7-12, 1991	62,547		62,547		62,547	
Supervisory Mgt. for Peak Performance	28	III	HOPPC	October 27-30, 1991	65,600	5,964			5,964	
Total Customer Service	28	VII	Resource Associates	October 12-20, 1991	49,400	4,400			4,400	
Total Quality & Prod. Mgt. Seminar	28	VII	Cebu COCI	October 14-22, 1991	30,600	2,600			2,600	
Technical Writing	28	VII	Resource Associates	Aug. 31 - Oct. 13, 1991	46,300	4,300			4,300	
F&B Services, San. & Cust. Rels.	28	VII	Joji Ilagan	October 2-18, 1991	49,700	4,700			4,700	
Financial Mgt. Seminar	28	VII	Cebu COCI	October 21-25, 1991	41,800	3,800			3,800	
Computer Hardware Repair & Maint.	28	X	CIT-XU	Sept 23 - Oct. 4, 1991	41,250	3,750			3,750	
Domestic Refrigeration & Aircon.	28	VI	NMYC/IMTC	Aug. 31 - Sept. 22, 1991	33,000	3,000			3,000	
Shielded Metal Arc Welding	28	VI	NMYC/IMTC	Aug. 24 - Sept. 15, 1991	29,700	2,700			2,700	
Motor Controller Install'n & Maint.	28	VI	NMYC/IMTC	Aug. 24 - Sept. 15, 1991	29,700	2,700			2,700	
Conventional Casting	28	IV	MIRDC	October 22-26, 1991	19,800	1,800			1,800	
Skills Upgdg. for Front Office Oper'n	28,29	X	Euro-Asia	October 21-31, 1991	38,447	3,495			3,495	
Skills Upgdg. for F&B Service	28,29	X	Euro-Asia	October 21-31, 1991	63,543	5,777			5,777	
Financial Mgt. Course	29	XI	DTI	Sept 29 - Oct. 4, 1991	44,000	4,000			4,000	
Operator's Certification Program II	29	XI	RUIB	October 8-12, 1991	66,849	6,077			6,077	
General Shop Supervisory Course	29	XI	ITFI - Mgt. Dev't Center	June 24 - July 1, 1991	39,600	3,600			3,600	
Cost & Pricing/Nego. for Fair part.	29	X	DTI	October 22-25, 1991	60,600	5,509			5,545	Travel Tax
Financial Mgt. Seminar	29	IV	Asian Inst. of Banking	October 23-25, 1991	59,400	5,400			5,400	
Sales & Mktg. Techniques & Strat.	30	VII	Personnel Dev't Consultants	October 23-26, 1991	48,400	4,400	100		4,500	
Simplified Bookkeeping	30	VII	Cebu COCI	November 12-15, 1991	30,800	2,800	(200)		2,600	
Work Value Dev't. Program	30	XI	RUIB	October 28-30, 1991	57,310	5,210			5,210	
Rebuild & Calibration of Diesel	30	XI	RAIB	October 21-31, 1991	75,240	5,790			5,790	
Industrial Painting	30	XI	Ind'l Tech. Foundation	October 26-31, 1991	22,000	2,000			2,000	
Trainers Training - Int'l Mod. Approach	30	XI	NMYC	November 18-23, 1991	73,550	5,770			5,770	
Letters of Credit	30	IV	Asian Inst. of Banking	November 21-23, 1991	55,236	5,000			5,059	VAT
Hotel & Restaurant Services	30	X	NMYC	November 4-8, 1991	47,300	4,300			4,300	
Hotel & Restaurant Services	30	X	NMYC	November 11-15, 1991	45,650	4,150			5,140	
Sheet-Fed Offset Printing Seminar	30	X	NMYC	August 19-26, 1991	39,600	3,600			3,600	
Sheet Metal Lay Out & Fabric'n Works	30	X	CIT-XU	October 7-18, 1991	41,250	3,750			3,750	
Spvsry Dev't for Inc Prod-Serv Orient Or	30	VII	Florman Corp.	November 11-29, 1991	66,000	6,000	100		6,100	
Skills Upgrading for F&B Service	30	VII	Euro-Asia	Sept. 23 - Oct. 4, 1991	49,500	4,500	(100)		4,400	
Meeting the Productivity Challenge	30	X	Resource Assoc. / ORO COCI	July 18-20, 1991	57,532	5,230			5,230	
F&B Service, San. & Cust. Rels.	31	VII	Joji Ilagan	November 13-29, 1991	29,700	2,700	200		2,900	
F&B Serv., San & Effective Cust. Rels	31	XI	Joji Ilagan	Nov. 20 - Dec. 6, 1991	13,200	1,200	200		1,400	
Dynamics of Negotiation	31	XI	DTI	October 16-19, 1991	78,896		272		272	

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT-PRIVATE SECTOR COMPONENT
PROJECT NO. 482-0438-C-00-01-0106-00
ADMINISTERED BY SEA-BMS CONSULTANTS, INC.
LIST OF VARIOUS UNALLOWABLE EXPENSES

TRAINING PROGRAM	BILLING NO	REGION NO	TRAINING INSTITUTION	PERIOD	BILLED AMOUNT	QUESTIONED COST			TOTAL QUESTIONED COST	EXPLANATION
						ADMIN COST	OVER/UNDER BILLING OF TRAINING COST	OTHERS		
Updgd Trng on Handtools Making	31	VI	MIRDC	October 7-11, 1991	58,973	5,361		35	5,366	Travel Tax
Value Analysis Engineering I	31	VI	MIRDC	October 14-19, 1991	58,783	5,344		18	5,361	Travel Tax
Metal Selection & Testing	31	VI	MIRDC	October 22-25, 1991	56,918	5,174			5,174	
Trainers Training	31	IV	RUIB	November 25-29, 1991	30,800	2,800			2,800	
Auto Gas Engine Repair & Maint.	31	X	CIT-XU	Oct. 21 - Nov. 5, 1991	33,000	3,000	100		3,100	
Industrial Motor Control	31	X	CIT-XU	November 11-22, 1991	36,300	3,300	(100)		3,200	
Entrepreneurship Trng. Program	31	X	CIT-XU	November 4-11, 1991	55,000	5,000			5,000	
Bamboo Furniture Making Tech	31	IV	CITC	November 11-29, 1991	21,450	1,950			1,950	
Const'n Cost Analysis & Estimating	31	XI	ITFI - Mgt. Dev't Center, Inc.	December 3-6, 1991	51,676	4,698	1,698	151	6,546	P115.50 meals not related to training and P35
PERT/CPM App'n of Project Mgt.	31	XI	ITFI - Mgt. Dev't Center, Inc.	August 15-21, 1991	17,875	1,625	(375)		1,250	
Shielded Metal Arc Welding Seminar	31	X	CIT-XU	Oct. 28 - Nov. 8, 1991	41,250	3,750	200		3,950	
Strategic Planning & Mgt. Seminar	31	X	CRC	October 22-23, 1991	37,284	3,389			3,389	
Practical Strategies & Materials	31	X	SGV & Co.	May 16-18, 1991	75,848	6,895	395	126	7,417	
Supervisory Dev't Program	31	VII	Resource Associates	November 19-23, 1991	66,000	6,000	6,000		12,000	
Supervisory Effectiveness Workshop	31	VII	Euro-Asia	Nov. 28 - Dec. 7, 1991	66,000	6,000	(200)		5,800	
Acctg. and Control for Nonaccountant M	32	XII	SGV & Co.	December 9-11, 1991	46,058	3,900			3,900	
Food Packaging & Labelling	32	IV	PTTC	October 15, 1991	19,500	1,500			1,500	
Furniture Enterprise Supervision	32	IV	CITC	December 9-14, 1991	36,429	3,000			3,000	
Problem Analysis & Decision Making	32	X	NMYC	December 18-20, 1991	30,800	2,800			2,800	
Trainers Training	32	X	NMYC	December 18-22, 1991	27,500	2,500			2,500	
Seminar on Production Planning & Contr	32	VII	CFIP - Cebu Chapter	November 26-29, 1991	61,450	5,450			5,450	
Seminar on Colors & Trends '92 and New	32	VII	CFIP - Cebu Chapter	October 14-18, 1991	47,950	4,450			4,450	
Meeting the Productivity Challenge	32	X	Resource Associates	December 10-13, 1991	49,500	4,500			4,500	
Acctg. for Nonaccountant Mgrs.	32	X	SGV & Co.	December 5-7, 1991	74,457	7,580			7,580	
Earthworks & Equipment Management S	32	VII	CMDF	December 3-6, 1991	45,931	4,221			4,221	
Meeting the Productivity Challenge	32	VII	Resource Associates	November 27-30, 1991	49,200	4,200			4,200	
Electric Arc Welding	32	X	NMYC	Nov. 3 - Dec. 13, 1991	39,600	3,600			3,600	
Upgrading Training on Handtools Making	33	VI	MIRDC	December 14-18, 1991	32,146	2,922			2,922	
Metal Selection and Testing	33	VI	MIRDC	December 8-11, 1991	40,350	3,668			3,668	
Upgrading Training on Handtools Making	33	VI	MIRDC	December 2-6, 1991	49,383	4,489			4,489	
Upgrading Training on Handtools Making	33	VI	MIRDC	December 8-12, 1991	45,296	4,118			4,118	
Gold Jewelry Upgrading Training	33	X	Cagayan de Oro COCI	December 8-12, 1991	26,129	2,000			2,000	
					P 7,289,077	P 606,803	P 159,220	P 23,881	P 789,904	

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**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT-PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-01-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
LIST OF DELAYED PAYMENTS OF TRAINING COSTS TO TRAINING INSTITUTIONS**

TRAINING PROGRAM	Billing No.	Region No.	Training Institution	Period	Amount	Date Paid by USAID	Date Paid by SEA/BMB	No. of Days from date of payment of USAID
Automotive Electricity 1st class	10	XI	RAIB	Jan. 16-Feb. 3, 1991	110,651	4-16-91	6-10-91	54
Basic Mgt. Course	12	VII	Secretariat	March 12-14, 1991	4,400	5-06-91	7-22-91	76
Mgt. Devt. Program	15	VII	Secretariat	April 24-26, 1991	4,400	5-06-91	7-22-91	76
Assets I: Supervisory Techniques & Practices	16	VII	Tread, Inc.	April 1-3, 1991	66,000	5-28-91	7-01-91	33
F&B Services, Sanitation & Bartending	16.18	VI	Joji Ilagan	Feb. 25 - Mar. 20, 1991	49,500	5-28-91	7-01-91	33
Bakery Production & Operation Mgt.	18	IV	Asian Bakery Inst.	April 1-5, 1991	55,573	7-01-91	9-24-91	83
Biscuits, Crackers & Oriental Pastry	20	VII	Asian Bakery Inst.	April 9-13, 1991	46,200	8-06-91	10-22-91	76
Welding Course	20	XI	ITF	April 2-17, 1991	82,405	8-06-91	9-10-91	34
Underchassis Mechnic Course	20	XI	RAIB	April 15-30, 1991	80,388	8-06-91	9-10-91	34
Computer Hardware Repair & Maintenance	20	XI	RUIB	Apr. 24- May 1,b 1991	79,047	8-06-91	9-13-91	37
Diesel Engine Overhauling Course	23	XI	RAIB	July 10-25, 1991	103,118	10-10-91	12-16-91	66
Communication Equipment Repair & Maintenance	23	XI	RUIB	Jul. 29 - Aug. 5, 1991	73,462	10-10-91	12-16-91	66
Skills Upgrading & Housekeeping	24	VII	Euro-Asia	August 5-15, 1991	24,750	10-10-91	11-25-91	45
Effective Hotel & Restaurant Service & Customer Relations	24	VII	Joji Ilagan	August 5-9, 1991	56,064	10-10-91	11-25-91	45
Computer based MIS	24	VII	Resource Assoc.	August 15-17, 1991	26,400	10-10-91	11-25-91	45
Quality Control in the Fish Industry	25	VI	IFPT - UP College					
Mktg. Mgt. Opportunities & Practices	25	IV	MSEUF-SBI	Sept. 4-8, 1991	55,000	11-7-91	12-19-91	42
Basics of Exporting	25	IV	PITC	Sept. 23-27, 1991	3,080	11-7-91	12-19-91	42
Mfg. & Mktg. of Mouldings	26	IV	ASEAN Timber	Sept. 24-27, 1991	4,539	11-25-91	1-22-92	57
Productivity Improvement Circle Workshop	26	VII	RUIB	Sept. 11-18, 1991	45,000	11-25-91	2-07-92	73
Customer Service Excellence	26	VII	Cora Doloroso	Sept. 18-22, 1991	60,000	11-25-91	1-31-92	66
Work Value	27	X	PETROSI	Oct. 17-19, 1991	58,000	12-13-91	1-30-92	47
Work Value	27	X	PETROSI	Oct. 14-16, 1991	63,556	12-13-91	1-30-92	47
Train the Trainer	29	X	Euro-Asia	Oct. 7-12, 1991	54,947	12-13-91	3-06-92	83
					1,206,480			

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**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
LIST OF PAYMENTS TO TRAINING INSTITUTIONS WITHOUT OFFICIAL RECEIPTS ON FILE**

Billing No.	Training Program	Training Institution	Period	Amount
8	Bakery Productivity and Profitability	Asian Bakery Institute	Jan. 7-11, 1991	P 14,300
9	Machine Operation & Maintenance	Chamber of Furniture Industries of the Phils.	Jan. 7-18, 1991	64,000
9	Computer Training Course on Software Applications and Preventive Maintenance	Center for Industrial Technology Xavier University	Nov. 13 - Dec. 29 1991	85,720
18	Bakery Production and Operation Management	Asian Bakery Institute	April 1-5, 1991	4,923
19	Basics of Exporting	PTTC	June 17-21, 1991	3,850
19	Furniture Finishing	CITC	June 17-22, 1991	1,800
20	Rattan Furniture Materials Technology	CITC	June 27 - July 2 1991	1,250
20	Rattan Furniture Materials Technology	CITC	June 27 - July 2, 1991	750
20	Rattan Production Technology	CITC	June 27 - July 2, 1991	1,000
20	Rattan Production Technology	CITC	July 3-9, 1991	1,250
20	Rattan Furniture Surface Finishing	CITC	July 10-12, 1991	750
20	Administrative Cost	RPAC IV Secretariat		410
20	How to Negotiate with Foreign Buyers	PTTC	June 27-29, 1991	3,465
20	Biscuits, Crackers and Oriental Pastry Production Technology	Asian Bakery Institute	April 9-13, 1991	42,000
20	Supervisory Development Program	Florman Corporation	April 29 - May 2, 1991	42,000
20	Meeting the Productivity Challenge	Resource Associates	May 7-9, 1991	45,000
20	Welding Course	Industrial Tech. Foundation	April 2-17, 1991	7,491

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**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
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ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
LIST OF PAYMENTS TO TRAINING INSTITUTIONS WITHOUT OFFICIAL RECEIPTS ON FILE**

Billing No.	Training Program	Training Institution	Period	Amount
20	Underchassis Machine Course	RAIB	April 15-30, 1991	7,308
20	Computer Hardware Repair and Maintenance	RUIB	April 24 - May 1, 1991	7,188
21	Basic Heat Treatment	MIRDC	July 8-13, 1991	290
21	Construction Planning and Control	UP-National Engineering Center	July 10-12, 1991	3,000
21	Basic Management Program	AIM	July 15 - August 13	35,487
22	Financial Management	Asian Institute of Banking	June 24-26, 1991	6,470
22	Small Enterprise Management in the Philippine Setting	Psytech Management Int'l	June 26-29, 1991	60,000
22	Basic Management Course	Industrial Management Devt. Ctr.	May 29 - June 1	42,350
22	Diesel Engine Operation and Maintenance	Industrial Tech. Foundation	May 21-25, 1991	3,813
22	Upgrading Training on Cutleries Making	MIRDC	May 14-18, 1991	3,000
22	Upgrading Training on Cutleries Making	MIRDC	May 20 - 24, 1991	5,020
23	System Loss Reduction Seminar	Borra & Associates	June 24-26, 1991	59,780
23	Small Enterprise Management in the Philippine Setting	Psytech Management Int'l	July 30 - August 1, 1991	60,000
23	Maintenance for Machine Shop	MIRDC	August 7-10, 1991	180
23	Earthworks and Heavy Equipment Mgt.	CMDF & COCA	July 8-12, 1991	3,773
23	Car and Bus Airconditioning	Asian Automotive Center	April 24 - May 16	149,350
23	Foreman/Supervisors Upgrading Program	NMYC	June 17-22, 1991	40,000

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Billing No.	Training Program	Training Institution	Period	Amount
23	Foreman/Supervisors Upgrading Program	Center for Industrial Technology Xavier University	May 20-31, 1991	50,000
24	Skills Upgrading for Housekeeping	Euro-Asia Foundation	August 5-15, 1991	2,250
25	Supervising for Productivity Improvement in the Fashion Accessories Industry	Tread, Inc.	August 7-10, 1991	2,900
25	Marketing Management Opportunities and Practices	MSEUF-SBI	September 4-8, 1991	55,000
25	Basics of Exporting	PTTC	September 23-27, 1991	3,080
26	Upgrading Training on Ceramics Making	DTI	July 1-5, 1991	44,920
26	Electric Arc & Oxygen Gas Welding & Cutting	Cagayan de Oro COCI	June 3 - July 14	45,000
26	Baking Science Course	Asian Bakery Institute	Sept. 30 - Oct. 18, 1991	3,300
26	Manufacturing and Marketing of Mouldings	Asian Timber Tech. Centor	September 24-27, 1991	4,539
26	Work Value	PETROSI	September 27-29, 1991	57,200
26	Work Value	PETROSI	October 8-10, 1991	57,200
26	Work Value	PETROSI	Septmber 24-26, 1991	32,511
26	Work Value	PETROSI	Sept. 30 - Oct. 2, 1991	44,000
26	How to do Business in Hawaii?	PTTC	September 26-27, 1991	1,320
26	Mechanical Technology	NMYC	June 18-30, 1991	39,000
26	Small Engine Mechanic	NMYC	June 17-22, 1991	21,000
26	Wood Furniture Construction Upgrading	ORO COCI	June 1-10, 1991	97,926

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
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LIST OF PAYMENTS TO TRAINING INSTITUTIONS WITHOUT OFFICIAL RECEIPTS ON FILE

Billing No.	Training Program	Training Institution	Period	Amount
26	Tutorial Plus Sessions on Microcomputers	Cagayan de Oro COCI	June 24-29, 1991	37,500
27	Work Value	PETROSI	October 17-19, 1991	58,000
27	Work Value	PETROSI	October 14-16, 1991	63,556
28	13th Program for Devt. Managers		November 4-29, 1991	114,210
29	Cost & Pricing/Negotiation for Fair Participant	DTI	October 22-25, 1991	55,091
				<hr/> P 1,696,472 =====

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
LIST OF TRAINING CONTRACTS AND BILLING STATEMENTS NOT ON FILE

Billing No.	Training Program	Region No.	Training Institution	Period	Contract Amount	Training Contract	Billing Statement	REMARKS
8	Bakery Productivity and Profitability	IV	Asian Bakery Institute	January 7-11, 1991	P 115,078	X		Pro forma contract was signed but not completely filled out
9	Machine Operation & Maintenance	III	Chamber of Furniture Industries of the Phils.	January 7-18, 1991	64,000		X	
9	Computer Training Course on Software Applications and Preventive Maintenance	X	Center for Industrial Technology Xavier University	Nov. 13 - Dec. 29, 1991	85,720		X	
11	Kiln Drying for Small Scale Enterprises	IV	Asean Timber Technology	March 18-22, 1991	8,388	X	X	files were all lost
18	Conventional Casting	IV	KIRDC	May 27-31, 1991	5,600		X	
18	Bakery Production & Operation Management	IV	Asian Bakery Institute	April 1-5, 1991	55,573		X	
20	Welding Course	XI	Industrial Tech. Foundation	April 2-17, 1991	82,405	X		The contract was on file but was not signed
22	Financial Management	IV	Asian Institute of Banking	June 24-26, 1991	71,170		X	
23	Business Management Program	IV	AIM	July 15 - Aug. 9, 1991	54,608		X	
25	Food & Beverage Course	IV	Hotel Nikko	August 26-30, 1991	11,200		X	
25	Supervising for Productivity Improvement in the Furniture Industry	VII	Tread, Inc.	June 10 - July 27, 1991	66,000	X		
25	Marketing Management Opportunities and Practices	IV	MSEUF-SBI	September 4-8, 1991	55,000		X	
25	Basics of Exporting	IV	PTTC	September 23-27, 1991	3,080		X	
28	Shielded Metal Arc Welding	VI	NMYC/IMTC	Aug. 24 - Sept. 15	29,700		X	
28	13th Program for DevL Managers	IV	AIM	November 4-29, 1991	114,210		X	

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DEVELOPMENT TRAINING PROJECT - PRIVATE SECTOR COMPONENT
PROJECT NO. 492-0439-C-00-0106-00
ADMINISTERED BY SEA-BMB CONSULTANTS, INC.
LIST TRAINING OF CONTRACTS AND BILLING STATEMENTS NOT ON FILE

Billing No.	Training Program	Region No.	Training Institution	Period	Contract Amount	Training Contract	Billing Statement	REMARKS
28	Motor Controller Installation & Maintenance	VI	NMYC/IMTC	Aug. 24 - Sept. 15	29,700		X	
30	Simplified Bookkeeping	VII	Cebu COCI	November 12-15, 1991	30,800		X	
30	Supervisory Devt. for Increased Productivity in a Service Oriented Organization	VII	Florman Corporation	November 11-29, 1991	66,000		X	
30	Meeting the Productivity Challenge	X	Resource Associates/ORO COCI	July 18-20, 1991	57,532		X	
32	Accounting & Control for Nonaccountant Managers	XII	SGV & Co	December 9-11, 1991	46,058	X		
32	Seminar on Production Planning & Control	VII	Chamber of Furniture Industries of the Phils. - Cebu Chapter	November 26-29, 1991	61,450	X		
32	Seminars on Color & Trends '92 and Furniture Finishing	VII	Chamber of Furniture Industries of the Phils. - Cebu Chapter	October 14-18, 1991	47,950	X		
32	Entrepreneurship Development		HOPPCOR	January 14-17, 1992	43,803	X		
32	Meeting the Productivity Challenge	X	Resource Associates	December 10-13, 1991	49,500	X		
32	Accounting for Nonaccountant Managers	X	SGV & Co	December 5-7, 1991	74,457	X		
32	Earthworks and Equipment Management Seminar	VII	Construction Manpower Dev't Corporation	December 3-6, 1991	45,931	X		
32	Meeting the Productivity Challenge	VII	Resource Associates	November 27-30, 1991	49,200	X		
33	Gold Jewelry Upgrading Training	X	Cagayan de Oro Chamber of Commerce & Industry Foundation, Inc.	November 4-8, 1991	26,129	X	X	
					P 1,450,240			

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APPENDIX I

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