

Regional Inspector General for Audit
San José, Costa Rica

Audit of
USAID/Dominican Republic's
Closeout Practices for Expired Contracts

Audit Report No. 1-517-94-006
April 18, 1994





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April 18, 1994

MEMORANDUM

TO: D/USAID/Dominican Republic, Marilyn Zak

FROM: RIG/A/San José, *Coinage N. Gothard*
Coinage N. Gothard

SUBJECT: Audit of USAID/Dominican Republic's Closeout Practices For Expired Contracts

The Office of the Regional Inspector General for Audit/San Jose has completed its audit of USAID/Dominican Republic's closeout practices for expired contracts. The final audit report is being transmitted to you for your action.

The report includes 11 recommended actions to correct the problems found during the audit and discussed in this report. Most of the recommendations are for USAID/Dominican Republic and the USAID Regional Contracting Officer to take actions for monitoring the contract closeout process and to resolve the specific problems (c.g., ensuring goods and services were received, property in the possession of contractors was accounted for, and audits are requested or made) identified for the 21 contracts we selected for our sample.

In preparing this report we reviewed your comments on the draft report and included them in their entirety in Appendix II. A summation of your comments has been included after the problem areas addressed in the report.

Based upon your written comments, we consider Recommendation Nos. 1.1 through 1.6 and 1.8 through 1.10 to be resolved and Recommendation Nos. 1.7 and 1.11 to be closed. Please respond to this report within 30 days, indicating any actions taken to implement the recommendations.

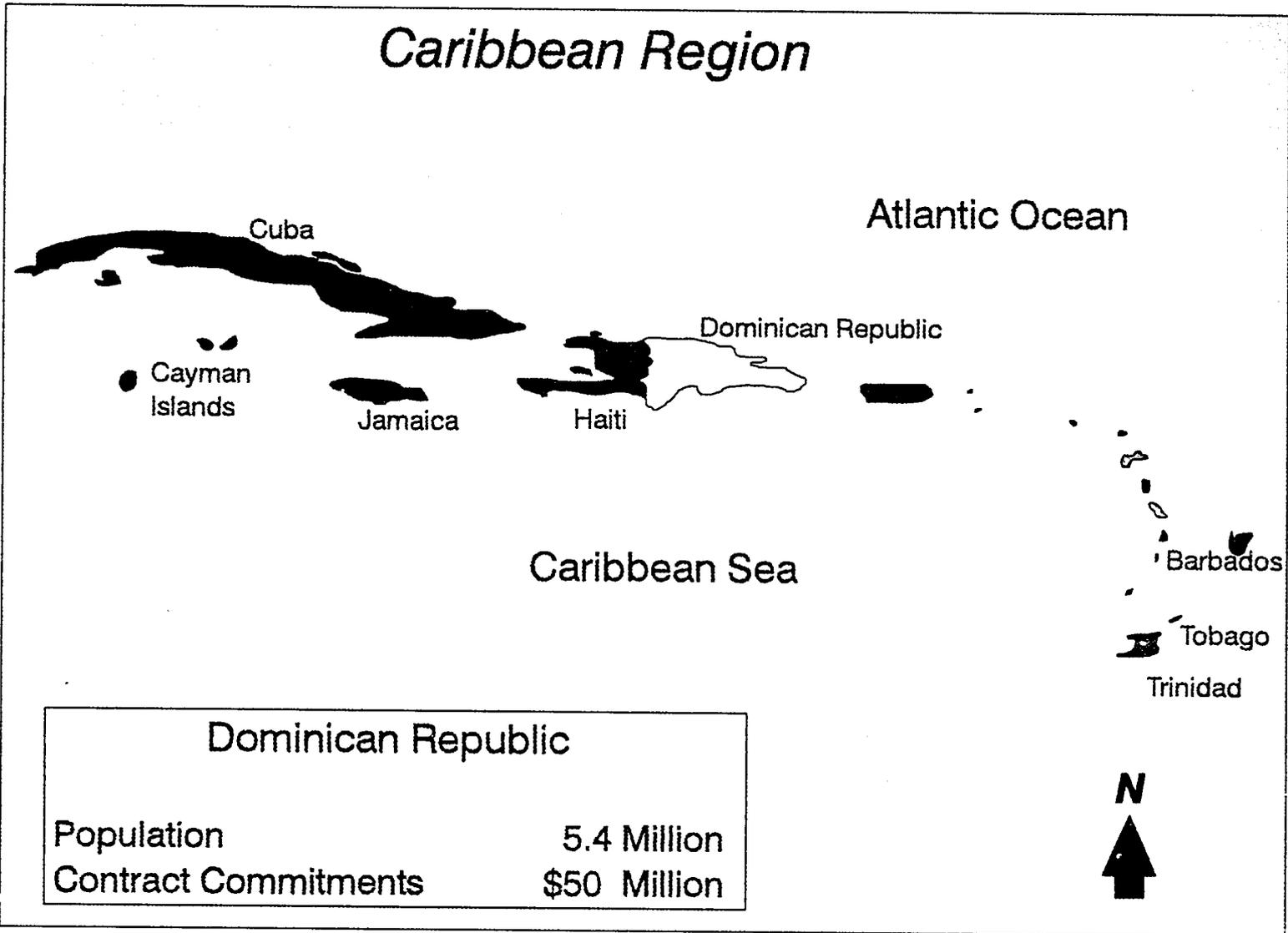
I appreciate the cooperation and assistance that you and your staff provided to the auditors during this assignment.

Regional Inspector General for Audit
San José, Costa Rica

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Caribbean Region



EXECUTIVE SUMMARY

The U.S. Agency for International Development (USAID) office administering contracts (USAID-direct and host-country) is responsible for assuring that expired contracts are closed out in a timely manner. This procedure is the last phase of the contracting process and is to ensure, among other things, that: goods and services have been received, USAID-funded property in the possession of contractors is accounted for and properly disposed of, excess funds are decommitted, and audits are requested and/or performed (See page 1).

Our audit found that USAID/Dominican Republic and the USAID Regional Contracting Officer were not closing out expired USAID-direct contracts (including grants and cooperative agreements) as required and had not ensured the Government of Dominican Republic had properly closed out expired host-country contracts. Available records show that as of March 1993, USAID/Dominican Republic had a total of 186 USAID-direct and host-country contracts with commitments totaling \$50.0 million that needed to be closed out.

As a result of not closing out expired contracts, USAID/Dominican Republic lacked assurances that: (1) contracted for goods and services were received, (2) USAID-funded property held by contractors was properly accounted for and disposed of, (3) excess funds were promptly decommitted, and (4) required audits were requested and/or performed to assure the propriety of payments to contractors (see page 3).

Furthermore, our sample of 21 expired contracts with commitments totaling \$34.0 million showed that USAID/Dominican Republic and the USAID Regional Contracting Officer:

- were not able to substantiate that goods and services for which USAID paid approximately \$23.3 million were actually received (see page 8);
- did not have adequate records to determine how much USAID-funded property was held by contractors or that such property was properly disposed of at the expiration of the contracts, but, available records indicate that at least \$338,519 of such property had not been adequately accounted for and disposed

of or documentation was not available on the disposal as required including property identified during the audit costing at least \$203,637 that had been improperly disposed of (e.g., transferred to USAID/Dominican Republic for its own use or improperly donated to other parties), and sale proceeds—approximately \$11,931 in calendar year 1993—deposited in USAID's operating expense account instead of being deposited to the U.S. Treasury miscellaneous account as required (see page 11);

- had not identified the potential to decommit \$155,426 that possibly was not longer needed under three expired contracts (see page 15); and
- were not able to provide documentation substantiating that required final audits were requested or made for 10 of the 14 cost-type contracts we reviewed which had commitments totaling \$18.2 million (see page 17).

The report includes 11 recommended actions to correct the problems found during the audit and discussed in this report. Most of the recommendations are for USAID/Dominican Republic and the USAID Regional Contracting Officer to take actions for monitoring the contract closeout process and to resolve the specific problems (e.g., ensuring goods and services were received, property in the possession of contractors was accounted for, and audits are requested or made) identified for the 21 contracts we selected for our sample.

A draft of this report was provided to USAID/Dominican Republic and the USAID Regional Contracting Officer. Management concurred with all of the report recommendations and had started actions to address them. The joint USAID/Dominican Republic's and USAID Regional Contracting Officer's comments are discussed on page 18 of this report and are included in its entirety as Appendix II.

Office of the Inspector General

The Office of the Inspector General
April 18, 1994

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INTRODUCTION

Background

Federal regulations and U.S. Agency for International Development (USAID) procedures require that the USAID office administering contracts (USAID-direct and host-country) ensure that expired contracts are closed out in a timely manner.¹ The closeout process is the last phase of the contracting process and is to ensure, among other things, that: goods and services have been received, USAID-financed property in the possession of contractors is accounted for and properly disposed of, excess funds are decommitted, and audits are requested and/or performed.

USAID/Dominican Republic procedures assign the responsibility for closing out USAID-direct contracts as follows:

- the technical offices are responsible for initiating closeout procedures within 90-days following the expiration date of the contract; and
- the Regional Contracting Officer is responsible for ensuring that the closeout of these contracts is properly completed.

While USAID/Dominican Republic has not established any formal procedures for closing out host-country contracts, USAID procedures prescribe that USAID/Dominican Republic's technical offices should be responsible for ensuring that these contracts are properly closed out.

As of March 1993, USAID's Contract Information Management System (CIMS) showed that USAID/Dominican Republic had 187 expired USAID-direct and host-country contracts with obligations totaling \$51.1 million—including 163 USAID-direct contracts (including grants and cooperative agreements) with commitments of \$31.0 million and 24 host-country contracts with commitments of \$20.0 million.

¹ For purposes of this report, we use the word contracts to include grants and cooperative agreements as well as other procurement instruments (e.g., purchase orders) that need to be closed out.

Audit Objective

We audited USAID/Dominican Republic and the USAID Regional Contracting Officer to answer the following audit objective:

- Did USAID/Dominican Republic and the USAID Regional Contracting Officer follow USAID policies and procedures and applicable Federal regulations to assure that expired USAID-direct contracts (including grants and cooperative agreements) and host-country contracts were being properly and promptly closed out?

Our discussion of the scope and methodology for this audit including scope limitations is included as Appendix I to this report.

REPORT OF AUDIT FINDINGS

Did USAID/Dominican Republic and the USAID Regional Contracting Officer follow USAID policies and procedures and Federal regulations to assure that expired USAID-direct (including grants and cooperative agreements) and host-country contracts were being properly and promptly closed out?

USAID/Dominican Republic and the USAID Regional Contracting Officer did not follow USAID policies and procedures and Federal regulations to assure that expired USAID-direct contracts (including grants and cooperative agreements) and host-country contracts were being properly and promptly closed out.

On the positive side, USAID/Dominican Republic issued Mission Order No. II-3 in April 1993, which assigns responsibilities for closing out USAID-direct contracts, and had begun to close out contracts subsequent to the start of our audit in September 1993. The Mission Order prescribes that the technical offices are responsible for initiating the closeout within 90-days following the expiration date of the contract and the USAID Regional Contracting Officer is responsible for monitoring the closeout functions to ensure that contracts are closed out as required. USAID/Dominican Republic had also taken action to deobligate \$829,898 of excess funds for 9 of the 21 expired contracts we reviewed which had unspent funds at their expiration dates and to ensure some contractors returned to USAID/Dominican Republic property in their possession at the completion of the contracts.

However, as discussed below, our audit found that USAID/Dominican Republic and the USAID Regional Contracting Officer need to focus more attention to closing out expired USAID-direct contracts and ensuring that the Government of Dominican Republic properly close out expired host-country contracts.

Contracts Need to be Properly Closed Out

Expired USAID-direct and host-country contracts with total commitments of \$50.0 million had not been closed out as required by Federal regulations and USAID's prescribed procedures. This happened because responsible USAID/Dominican Republic officials and the USAID Regional Contracting

Officers have not focused sufficient attention on closing out expired contracts and had not developed procedures for ensuring that the Government of the Dominican Republic properly closed out expired host-country contracts. As a result of not properly and promptly closing out expired contracts, USAID/Dominican Republic lacked assurances that: (1) contracted for goods and services were received, (2) USAID-funded property held by contractors was properly accounted for, (3) excess funds were promptly decommitted, and (4) required audits were requested and/or performed.

Recommendation No. 1: We recommend that USAID/Dominican Republic in coordination with the USAID Regional Contracting Officer:

- 1.1 develop a plan and take action as prescribed in Contract Information Bulletin 90-12 to close out the backlog of expired USAID-direct contracts;
- 1.2 develop and implement procedures to assure host-country contracts are properly and promptly closed out (e.g. ensuring contracted for goods and services were received, accounting for property, decommitting excess funds, and ensuring that required audits are performed);
- 1.3 develop an information system to track expired USAID-direct and host-country contracts through the closeout process;
- 1.4 in coordination with the USAID Office of Procurement reconcile the data on expired contracts identified in the USAID Contract Information Management System with data maintained at USAID/Dominican Republic;
- 1.5 ensure the contracted for goods and services costing \$23.3 million identified in this report were actually received and that the reports required under the contracts were appropriately sent to the USAID Center for Development Information and Evaluations;
- 1.6 ensure the proper disposition of the \$338,519 of property identified in this report including the \$203,637 in property that was improperly transferred for USAID/Dominican Republic's use or donated to other parties;
- 1.7 take action to ensure the transfer of \$11,931 from USAID's operating expense account to the U.S. Treasury Department's miscellaneous account and determine if other deposits into the USAID operating expense account not reviewed by the auditors resulted from the sale of program-funded property and take similar action to transfer the improper deposits into the U.S. Treasury miscellaneous account;

- 1.8 develop and implement procedures to ensure all contractors submit the required annual and final inventory reports on USAID-financed nonexpendable property in their possession and that such property is properly disposed of at the completion of the contract;
- 1.9 decommit or otherwise resolve the \$155,426 in unliquidated commitments identified in this report and determine if there are any unliquidated commitments that should be decommitted under the three host-country contracts we reviewed for which no financial data were available at the time of the audit;
- 1.10 request audits or perform appropriate reviews for the 10 cost-type contracts reviewed for which no audits had been requested or performed; and
- 1.11 report the area of contract closeout as a material weakness in the next internal control assessment as required by the Federal Managers Financial Integrity Act if this area still has material internal control weaknesses.

The Federal Acquisition Regulation (Section 4.804) and Office of Management Budget (OMB) Circular A-110 (Attachment K) require that USAID/Dominican Republic and the USAID Regional Contracting Officer take actions to close out expired USAID-direct contracts. USAID's implementing guidance, which is contained in USAID Handbooks 13 and 14 and in Contract Information Bulletin 90-12 (which was issued by USAID's Office of Procurement in June 1990), require USAID missions to establish closeout systems and the Bulletin specifically states: "The Contracting Officer should take the lead role in ensuring that closeouts are accomplished." Although specific procedures are not prescribed for closing out host-country contracts, USAID Handbook 3 (Supplement B) requires USAID technical officers to assure that host-country contracts are properly and promptly closed out by the host government.

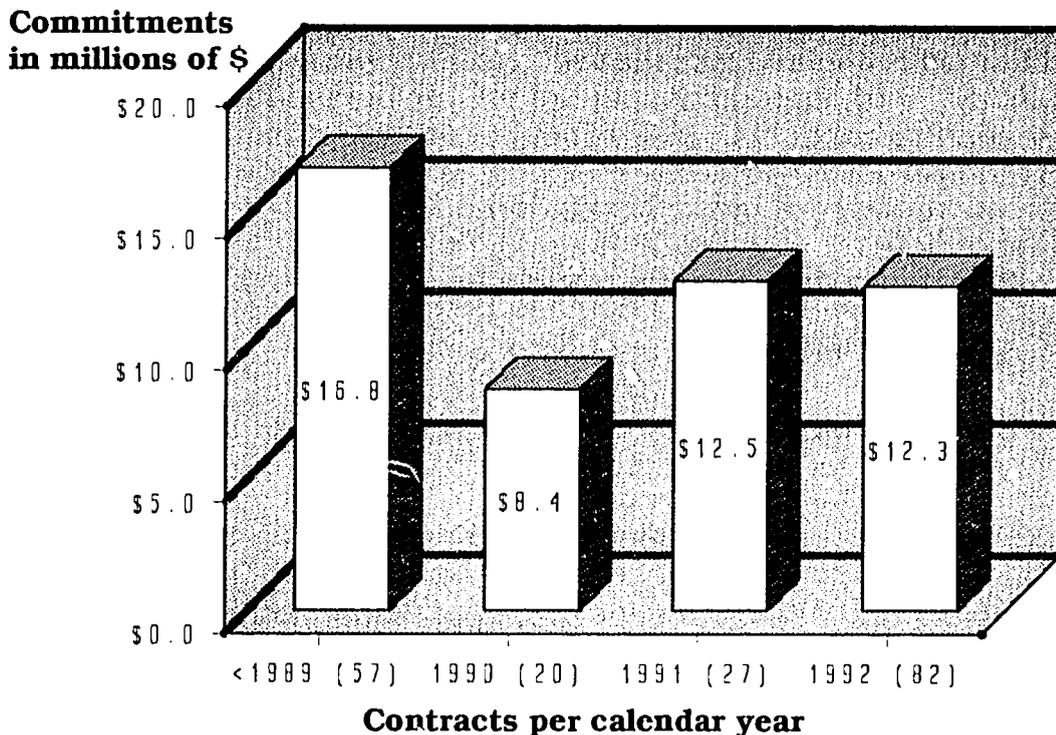
Among other things, the closeout function is to ensure that:

- contracted for goods and services were received,
- USAID-financed property in the possession of contractors is accounted for and properly disposed of,
- excess funds are decommitted, and
- audits are required and/or performed to assure the propriety of payments to contractors.

In line with the above requirements, USAID/Dominican Republic issued Mission Order No. II-3 in April 1993 assigning the technical offices responsibility for initiating the closeout function for USAID-direct contracts within 90-days following the established expiration date and the USAID Regional Contracting Officer for monitoring the closeout functions to ensure that contracts are properly closed out.

Our audit found that although USAID/Dominican Republic assigned responsibilities for ensuring the proper closeout of expired USAID-direct contracts, it had only closed out one USAID-direct contract by the start of our audit in September 1993 and has not yet established procedures nor ensured that expired host-country contracts were properly closed out. The number (in parentheses below) and reported dollar commitments under expired USAID-direct and host-country contracts which have not been closed out by the fiscal year of expiration are illustrated below:

**USAID/DR EXPIRED CONTRACTS
NOT CLOSED OUT
AS OF MARCH 31, 1993**



Why is there such a large backlog of expired contracts needing to be closed out? One reason for the large backlog of expired contracts needing to be closed out is that the USAID Regional Contracting Officer said he has not focused attention on closing out expired USAID-direct contracts because he has only one assistant and this is not sufficient staff to perform the administrative tasks for closing out contracts. He added that other priorities kept him from spending too much time on closing out contracts. Also, USAID/Dominican Republic officials said they were more concerned with monitoring active contract activities and have not placed priority on the closeout of expired contracts.

The lack of concern regarding expired contracts is exemplified by the fact that USAID/Dominican Republic officials and the USAID Regional Contracting Officer did not maintain any tracking systems identifying expired contracts and the status of closing them out. Furthermore, when we asked these officials to provide us a list of all contracts that had expired as of March 31, 1993, they identified only 13 expired contracts with total commitments of \$22.6 million. This compares to 187 expired contracts with total commitments of \$51.1 million identified in the USAID Contract Information Management System (CIMS) for which USAID/Dominican Republic was responsible for closing out.²

Notwithstanding the fact that contracts were not being properly closed out and the large backlog on contracts needing to be closed out, USAID/Dominican Republic did not disclose these problems in its internal control assessments performed in October 1992 and October 1993 as required by the Federal Managers Financial Integrity Act and revised Office of Management and Budget (OMB) Circular A-123. USAID/Dominican Republic concluded in both of these assessments that they had adequate controls to assure appropriate contract closeout procedures were followed.

USAID/Dominican Republic officials provided different opinions for overlooking this area. For example, USAID/Dominican Republic officials said that perhaps some managers did not make honest assessments for their areas of responsibility or that the assessment team did not take a good look at the contracts administered by the USAID Regional Contracting Office. On the other hand, the USAID Regional Contracting Officer said the oversight could have occurred because USAID/Dominican Republic officials misinterpreted contract closeout procedures by assuming that a contract had been closed out upon completion of the related project.

² While we recognize that the data in the CIMS is not always accurate—e.g., we found that the amount of commitment and expiration dates were not correct for 11 of the 21 expired contracts we reviewed—, we did find contracts identified in the CIMS that did in fact expire that were not identified by USAID/Dominican Republic nor the USAID Regional Contracting Officer.

In addition to the fact that there is a large backlog of contracts needing to be closed out, our review of 21 expired contracts found problems in each of the four areas of the closeout process we reviewed:

- receipt of contracted for goods and services,
- USAID-funded property in the possession of contractors,
- decommitting excess funds,
- and requiring final audits to assure propriety of payments to contractors.

Examples of problems disclosed in the four areas for the contracts included in our sample are discussed below.

Receipt of Goods and Services - As shown in Appendix III, USAID/Dominican Republic officials could not provide evidence that the contracted for goods and services were received under 16—for which USAID had paid \$23.3 million—of the 21 expired contracts we reviewed. While we are not implying that USAID or the Government of Dominican Republic did not receive the contracted for goods and services, we are concluding that the lack of adequate records at the time of the audit precluded USAID/Dominican Republic and the USAID Regional Contracting Officer from substantiating that the goods and services were actually received.

The Federal Acquisition Regulation (Section 4.804) states that the office administering an USAID-direct contract (does not include grants and cooperative agreements) is responsible for initiating the closeout of the contract after receiving evidence that the contractor has completed the required deliveries of goods or performed all services and that the responsible U.S. Government agency has accepted the goods and services. This section further states that the "contracting officer" is the official who is responsible for receiving evidence that the contractor provided all goods and services. For grants and cooperative agreements, Office of Management and Budget (OMB) Circular A-110 (Attachment K) states that the closeout of a grant is the process by which a Federal sponsoring agency determines that all required work of the agreement have been completed by the recipient and the sponsoring agency. This same section also states that the sponsoring agency shall obtain from the recipient all required financial and performance reports within 90-calendar days after the date of expiration date of the agreement.

USAID's implementing guidance (Contract Information Bulletin 90-12) for the above regulations require that the responsible technical officer prepare a statement that the contracted for goods and services have all been received and meet the requirements of the contract. This guidance also states that the responsible USAID contracting officer must ensure that

contracts are properly closed out. While neither USAID nor USAID/Dominican Republic have established specific procedures for closing out host-country contracts, USAID Handbook 3 (Appendix B) requires USAID project officers to ensure that expired host-country contracts are properly closed out.

Our review of 21 expired contracts disclosed the following examples where neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could provide evidence to substantiate that the contracted for goods and services were actually received.

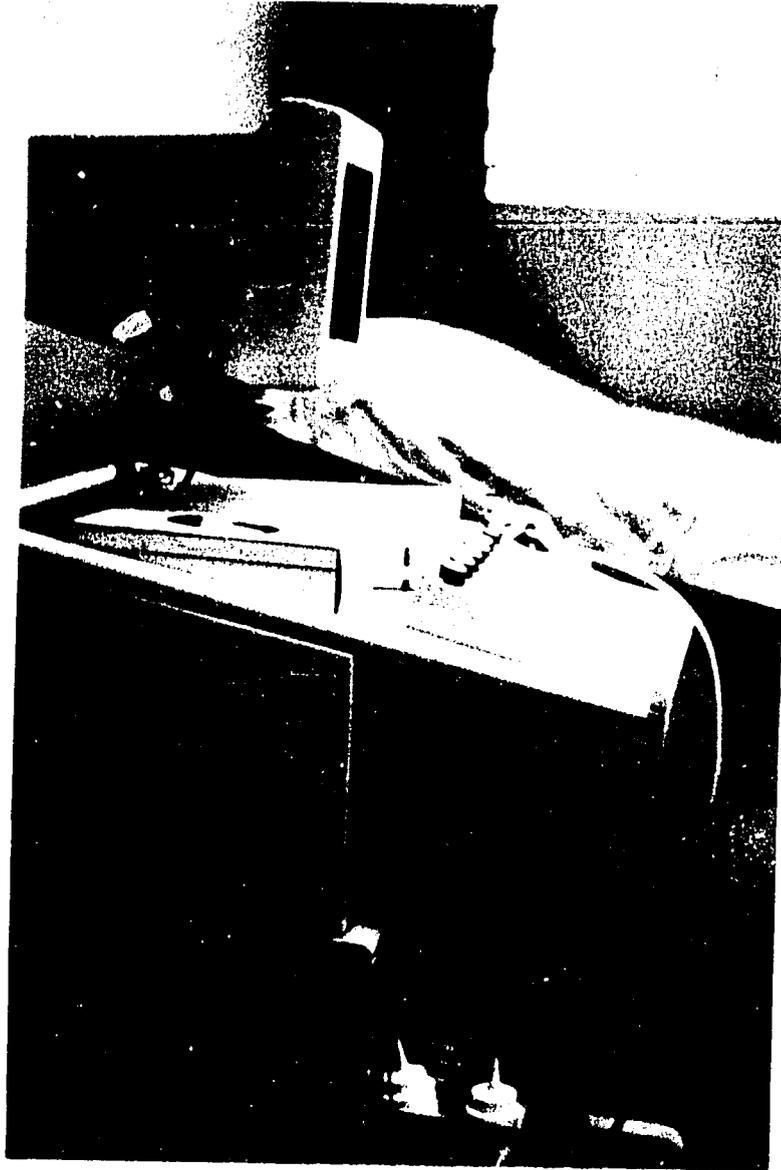
- The contractors for the 10 USAID-direct contracts we reviewed were required to provide USAID/Dominican Republic final performance reports identifying what was accomplished in achieving the specific contract objectives. However, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could provide the auditors with copies of the required final reports for 7 of these contracts—for which USAID has paid a total of \$14.1 million. USAID/Dominican officials said they thought the contractors provided the required reports but these officials could not tell the auditors what type of reports were actually required and could not find copies of the final reports. The USAID Regional Contracting Officer stated that he relies on USAID/Dominican Republic officials to ensure that the contracted for goods and services have been received and does not assume any responsibility to substantiate that such goods and services had in fact been received.
- The contractors for the same 10 contracts referred to above—for which USAID has paid \$18.0 million—were also required under the terms of the contracts to submit the final performance reports to the USAID Center for Development Information and Evaluations which is responsible for maintaining copies of reports from USAID contractors and other sources. However, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could provide any evidence that the reports were sent to the Center and the Center's records do not identify that the final reports were received for any of these contracts. Center officials said that its records ensure that the institutional knowledge of USAID activities is preserved and can be used in designing new USAID projects or identifying achievements or problems with current and completed projects. These officials stressed the importance of obtaining copies of contractors' performance reports in accordance with USAID's policy (USAID Handbook 18, Part IV) and the contract's standard provisions to enable

others to know about the results of such work and use it in furthering USAID's development goals.

- One host-country contract which expired in September 1989 was for the purchase of 15 trucks and spare parts for which USAID paid a total of \$858,699. USAID/Dominican Republic officials could not provide any documentation that these trucks and spare parts were received in the condition required under the contract. USAID/Dominican Republic officials said the responsible project officer was no longer at post and there was no information available on these trucks except that payment was made. In an attempt to determine the status of the trucks and spare parts, a USAID/Dominican official contacted a former USAID/Dominican Republic employee who had worked on this project but that employee stated that no one currently in the Government of Dominican Republic would know anything about this equipment.
- One host-country contract which expired in June 1990 was for the supervision of rehabilitation of 180 miles of road for which USAID paid the contractor \$2.0 million. USAID/Dominican Republic officials could not provide documentation to support that the work was done in accordance with the contract requirements and said that the project officer was not at post and there was no one around that could give us any information regarding this road or the contractor. In fact, USAID/Dominican Republic officials could not locate a copy of the contract and therefore could not identify exactly what was required under the contract including whether a final report was required.³

The above examples are just a few cases where contractors were paid and neither USAID/Dominican Republic nor the USAID Regional Contracting Officer had evidence at the time of the audit to substantiate that the contracted for goods and services were received by the responsible USAID and/or Government of the Dominican Republic officials. The photograph on page 11 documents the receipt and proper use of goods/services under Contract 517-0229-C-7159. The medical equipment in the photograph was being used at the Clinica Materno Infantil de Planificacion Familiar.

³ The only information available about this contract and roads other than the brief discussion in this report was a previous Office of Inspector General audit report (No. 1-517-91-01; dated November 9, 1990) which identified serious problems in implementing the project. For example, the report states that only 376 miles of roads would be rehabilitated—63 percent—of the 600 miles originally planned under the project. The audit report identified that there were two phases of work under this project but did not specifically discuss the work of the contractor included in our audit.



Ultrasound equipment purchased at a cost of \$47,700. Photograph was taken on October 7, 1993.

Government-Funded Property - The lack of adequate records precluded a complete accounting of USAID-financed property in the possession of contractors under expired contracts. Of the 21 contracts reviewed, documentation available indicated at least 7 of the contractors had USAID-funded property costing approximately \$338,519 in their possession that had not been adequately accounted for and disposed of as required (as shown in Appendix III).

For USAID-direct contracts, USAID Handbooks 13 (Chapter 1Q3e) and 14 (Reporting Clause 752.245-70) require that at the expiration of their contracts each contractor account for USAID-funded property provided them or bought by them for their use. Contract Information Bulletin 90-12 requires that when contracts expire the contracting officers obtain a final inventory from contractors on all nonexpendable property funded or furnished by the U.S. Government under the contract. The Bulletin also states that the contracting officer should confirm that inventory records furnished by the contractor are complete and up-to-date and ensure the proper disposition has been made. For host-country contracts, USAID Handbook 3 (Supplement B) states that project officers are responsible for assuring that termination or closeout of contracts are promptly effected in accordance with the terms of the contract and that all USAID rights and obligations have been properly satisfied.

We could not determine the number of expired contracts under which USAID-funded property was in the possession of the contractors or the value of this property because USAID/Dominican Republic officials and the USAID Regional Contracting Officer did not have records to identify USAID-funded property provided to or purchased by contractors. One reason for the lack of records was because these officials did not ensure that the contractors submitted the required annual and final reports on nonexpendable property or as in the case of one contract we reviewed, the contractor did not submit the report when requested. Furthermore, although three contractors reviewed provided inventory reports, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer had records or attempted to confirm (e.g., reconciling to contractors invoices of other reports from the contractor) that the information provided by the contractors was correct.

Some examples where available documentation indicates contractors had USAID-funded property in their possession at the end of the contract for which neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer had ensured the property was properly accounted for and disposed of include the following:

- The contractor for one USAID-direct contract that expired in April 1991 reported to USAID/Dominican Republic at that time that 95 items of nonexpendable household furniture and equipment in his possession had been delivered to the USAID/Dominican Republic warehouse but the contractor did not identify the cost of these items. However, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer had information on what items and the cost of those items that had actually been provided to the contractor nor had they attempted to confirm that the information furnished by the contractor was accurate.

Furthermore, based on available records at USAID/Dominican Republic, most of the items reported as delivered by the contractor may not have been or were not properly disposed of. For example, 46 items (costing \$7,649) were reportedly "donated" but there was no documentation to support the donation except an internal USAID/Dominican Republic report stating the items were donated, 9 items (costing \$1,077) such as beds and air conditioners were improperly being used in the residences of USAID/Dominican Republic officials or the USAID Regional Contracting Officer, and 15 items (costing \$2,424) were sold and the proceeds were improperly deposited into an USAID operating expense account.

- USAID/Dominican Republic paid one host-country contractor about \$140,000 for equipment under a contract that expired in October 1989 but we could not determine if this was all accounted for because the only information available regarding this equipment were two pieces of correspondence sent by the contractor to USAID/Dominican Republic in May 1992 and March 1993—the first correspondence being more than two years after the contract expired—stating that he had 7 items of equipment at his office in the United States, while the second correspondence stated he had 13 items of equipment, but neither correspondence identified the cost of the items. However, based on another contractor's report on similar items we estimate that the 13 items reported would have cost less than \$20,000—or \$120,000 less than what was apparently paid for equipment under the contract. There was no evidence that USAID/Dominican Republic nor the USAID Regional Contractor Officer had attempted to reconcile the difference nor confirm that the equipment reported was the only property purchased or provided to the contractor.
- One USAID-direct contractor submitted a list to USAID/Dominican Republic in February 1990 identifying 17 property items valued at \$29,186 which were purchased by him for use in the contractor's office. The contractor also stated at that time that the list did not include property USAID/Dominican provided the contractor. Although the contract expired on June 30, 1992, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could provide any records showing quantities and amounts of nonexpendable property and equipment provided to the contractor or whether those items had in fact been properly disposed of.

Due to the general lack of documentation regarding USAID-funded property in the hands of the contractors and our attempt to identify such property under the contracts we reviewed, we came across a couple of problems that extend beyond the issue of contractors' accounting for property but are related to property that was in the possession of contractors when the contracts expired. The first problem concerns the sale of the property—property that was purchased with USAID-program funds—and the deposit of the proceeds from such sales into USAID/Washington's operating expense account. For example, USAID/Dominican Republic records show that 125 items that were sold in calendar year 1993, were originally purchased for \$31,885 with USAID-program funds. However, contrary to Federal law (31 U.S.C. 1341, 484, and 40 U.S.C. 513) which prohibits the use of USAID-program funds to be used for USAID operating expenses, the proceeds from the sales of these items were deposited in USAID/Washington's operating expense accounts instead of the required U.S. Treasury miscellaneous account. While we cannot quantify the total amount of proceeds generated from the sale of USAID-program funded property that was deposited in USAID's operating expense accounts, we estimate that the improper deposits in calendar year 1993 totaled about \$11,931.⁴

The second problem area concerns property acquired from a recipient when USAID/Dominican Republic terminated a cooperative agreement in May 1992 because the grantee did not comply with the grant requirements. Documents show that USAID/Dominican Republic took possession of property valued at \$135,426 that same month and subsequently disposed of \$72,120 through what USAID/Dominican Republic called "grants" to primarily local nongovernmental institutions and U.S. contractors as shown in Appendix IV. USAID/Dominican Republic could not provide the auditors with documentation to show what disposition was made of the remaining items costing \$63,306.

In our opinion, USAID/Dominican Republic did not have authority to make these grants. One reason is that the Foreign Assistance Manual (Section 227.3) requires that if the property is not needed by USAID or other U.S. Government agencies, the redistribution of the property shall be in the following order of preference:

⁴ This estimate is based on USAID/Dominican Republic's inventory records showing whether the items were purchased with USAID-program funds or USAID-operating expense funds and the deposit reports on the sale proceeds for four sales in calendar year 1993. However, we found at least five items (not sold) in the inventory records identified as operating-expense funded when available information show the items were actually purchased with USAID-program funds.

- sale/exchange of replacement property, foreign excess property, and scrap or salvage;
- grant-in-aid or project contribution to the host government;
- donation to non-governmental organizations; and
- abandonment.

Also, while the Manual (Section 227.3-5) does, in fact, allow for the distribution of such property to nonprofit organizations through "donation", such distribution can only be made when the property cannot be disposed of by distribution to other types of activities (e.g., host government), has little or no commercial value, or if the cost of handling and storage would exceed the estimated proceeds of the sale of the property. The property in this case could have been sold—in fact the USAID Regional Legal Advisor noted at the time of the distribution of this property that the property could be sold at the acquisition cost—or distributed to the Government of the Dominican Republic.

The Manual (Section 227.1-8) also states, however, that disposal of USAID property by donation can be made to organizations qualified to receive assistance under Section 607(a) of the Foreign Assistance Act (friendly countries, international organizations, the American National Red Cross, and voluntary agencies), provided that USAID/Washington (Office of Management/Overseas Property Management) approves the disposal of property as foreign excess. The Foreign Assistance Act (Sections 607 {c} and {d}) allows for such donations "in furtherance" of the Act only when USAID has approved the transfer and made the written determination (1) that there is a need for such property in the quantity requested and that such property is suitable for the purpose requested and (2) as to the status and responsibility of the designated end user and his ability to use and maintain such property. In the case of the property distributed by USAID/Dominican Republic, USAID/Washington approval was not given and the required written determinations were not prepared.

Decommitment of Excess Funds - Although funds had been decommitted under some expired contracts, proper implementation of closeout procedures would have identified the potential to decommit \$155,426 which had not yet been liquidated at the time of the audit. Also, although excess funds were found for only 3 of the 21 contracts included in the audit sample, USAID/Republic Dominican officials could not provide to the auditors financial information for three host-country contracts in the sample to determine if any excess funds needed to be decommitted. Appendix III identifies the six contracts and the unliquidated balances for the three where financial information was available.

USAID Handbook 19 (Chapter 2 and Appendix 1A) and the USAID Controller Guidebook prescribe that controllers in coordination with other USAID offices should continuously review unliquidated obligations to determine if the obligations exceed the requirements for which the funds were obligated. The USAID Office of Financial Management issued additional guidance in October 1989 to overseas controllers emphasizing that it was incumbent upon the controllers in coordination with other USAID offices (e.g., procurement and program offices) to perform continuous reviews of unliquidated obligations and commitments under expired documents to verify that the documents had expired and to deobligate and/or decommit any excess funds.

As part of the contract closeout process for USAID-direct contracts, Contract Information Bulletin 90-12 requires that the controller, in coordination with the USAID Regional Contracting Officer, make certain that all final vouchers are received from the contractor and all unused funds are decommitted. Similar directions have not been established regarding host-country contracts.

While USAID/Dominican Republic had taken action to decommit unused funds under 9 of the 21 expired contracts we reviewed, we found that following prescribed closeout procedures would have identified the potential to decommit additional funds under three other contracts we reviewed. Two of these cases are discussed below:

- One USAID-direct contract which was being paid by USAID/Washington expired in February 1992. USAID/Dominican Republic's financial records as of September 27, 1993, showed unspent funds of \$103,247. USAID/Dominican Republic officials said that the excess funds have not been decommitted because they were awaiting information (i.e., Advice-of-Charge) from USAID/Washington on whether final payment had been made to the contractor. Although USAID/Washington's last Advice-of-Charge on this contract was received in March 1993—for payment of contract expenses for the period April 1-June 30, 1992—USAID/Dominican Republic had not subsequently requested USAID/Washington nor the contractor for the status of funding. After we brought this matter to the attention of USAID/Dominican Republic officials, they requested USAID/Washington in October 1993 for the status of funding so that the unneeded funds could be decommitted. At the end of our field work in December 1993, USAID/Washington had not yet responded.
- One USAID-direct contract expired on June 1992 and had an outstanding commitment of \$49,790. A Controller official said

these funds had not been decommitted because the project officer told the Controller's office in September 1993 that payments on this contract were still being made and that he would send the Controller an accrual for the remaining amount. However, the last payment was made in September 1992 for the period ending August 31, 1992 and as of November 8, 1993, the Controller had not received this accrual information. Furthermore, neither the Controller's office nor the USAID Regional Contracting Officer had attempted to obtain the final voucher from the contractor as prescribed in Contract Information Bulletin 90-12.

Final Audits - Of the 14 expired cost-type contracts examined, USAID/Dominican Republic and the USAID Regional Contracting Officer had not assured that audits (or desk reviews) were requested or performed for 10 of these contracts with total commitments of \$18.2 million. Appendix III identifies these contracts and their respective costs. Based on the USAID's Contract Information Management System data, USAID/Dominican Republic had 42 cost-type contracts (USAID-direct and host-country) that had expired between March 1985 and December 1992 with total commitments of \$34.7 million that have to be closed out and neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could tell us which ones still required audit.

For USAID-direct contracts, Contract Information Bulletin 90-12 requires that USAID-direct contracts with cost-reimbursable provisions be audited prior to closeout for compliance with all contract provisions (including whether costs claimed were allowable, allocable, and reasonable). The Bulletin prescribes that a final audit be performed of costs incurred under all USAID-direct contracts (including grants and cooperative agreements) with cost-reimbursable provisions and a total estimated cost in excess of \$500,000. For contracts having a total estimated cost not in excess of \$500,000, the administering USAID office or contracting officer should perform a desk review to confirm that amounts claimed as direct costs appear acceptable under the contract, conform with the applicable costs principles; and the final amounts for indirect costs have been determined. Notwithstanding the audit threshold amount, contracting officers may request final audits when they feel it is appropriate.

For host-country contracts, USAID Handbook 3 (Supplement B) requires that project officers or controllers maintain records, particularly for cost-reimbursable contracts, indicating when audits for host-country contracts should be made and when the audits were actually completed. If a mission determines that the host government does not have suitable audit capability, project officers should make arrangements through the USAID Office of Inspector General for the required audits.

Notwithstanding the above requirement, neither USAID/Dominican officials nor the USAID Regional Contracting Officer had established any system to ensure the required audits are requested or performed for USAID-direct and host-country contracts. USAID/Dominican Republic officials said that the Regional Contracting Officer was responsible for ensuring that required audits were requested or performed. The USAID Regional Contracting Officer said the lack of a system could be attributed to a gap of almost a year between assignments of the former and current Regional Contracting Officers during which time closeout actions such as requesting final audits on closed out contracts were not performed. This official also stated that another contributing factor was the lack of assigned personnel to his office and because he had to provide support to another country in the area, he could not dedicate sufficient time to administrative functions.

Conclusion - Many of the problems encountered by USAID/Dominican Republic officials and the USAID Regional Contracting Officer at the time of our audit to close out expired contracts (especially in the areas of accounting for goods and services and nonexpendable property held by contractors) is a result of not initiating the contract closeout process at the time the contracts expired. Therefore, USAID/Dominican Republic officials and the USAID Regional Contracting Officer need to assure expired contracts are properly and promptly closed out. Special attention should be given to increase controls in the four areas covered in this audit: receipt of goods and services, USAID-funded property in the possession of contractors, decommitments of excess funds, and requirements for final audits. Action also needs to be taken to resolve the specific problems discussed in this report and presented in Appendix III for the 21 contracts reviewed.

Management Comments and Our Evaluation

USAID/Dominican Republic concurred with the findings and recommendation.

In response to Recommendation Nos. 1.2, 1.3, and 1.8, USAID/Dominican Republic stated that it will develop and issue a Mission Operations Manual Order (MOM) establishing procedures to be followed to close out Mission contracts and grants. This MOM will tie in to the USAID/Dominican Republic's existing MOM covering project closeouts and its Audit Management and Resolution Program. Regarding Recommendation Nos. 1.1., 1.4, 1.5, and 1.6, USAID/Dominican Republic stated that it will contract under an existing Mission Indefinite Quantity Contract to determine the appropriate actions required to close these recommendations. Regarding Recommendation No. 1.7, USAID/Dominican Republic provided evidence that \$12,465 was transferred into the Treasury's "miscellaneous account" and that no other receipts from the sale of program-funded property were deposited into the USAID operating

expense account. In response to Recommendation No. 1.9, USAID/Dominican Republic stated that it plans to review the unliquidated commitments identified in the audit finding under the Section 1311 review to be made on March 31, 1994, and it will report to this office the result of the Section 1311 review. Regarding Recommendation No. 1.10, USAID/Dominican Republic stated that it has already requested audits or will perform appropriate reviews for the contracts identified in this report for which audit had not been requested or performed. Finally, USAID/Dominican Republic requested Recommendation No. 1.11 be closed based on its actions to date and plans to resolve and close Recommendation Nos. 1.1 through 1.10, as well as its past record to use audit reports and findings when conducting annual assessments.

Based on USAID/Dominican Republic's actions already taken or planned to implement Recommendation Nos. 1.1 through 1.5 and 1.8 through 1.10, these nine recommended actions are considered resolved and will be closed upon our receipt of documentation evidencing that recommended actions have been fully implemented. Regarding Recommendation Nos. 1.7 and 1.11, these two recommended actions are considered resolved and closed upon issuance of this report based on the evidence USAID/Dominican Republic submitted with its response to the draft audit report.

SCOPE AND METHODOLOGY

Scope

We audited USAID/Dominican Republic's practices for closing out expired contracts in accordance with generally accepted government auditing standards. We conducted the audit from September 22 through December 16, 1993, and covered the systems and procedures relating to the closeout of expired contracts. As noted below, we conducted our field work in the offices of USAID/Dominican Republic and visited several project sites where contracted for goods and services were suppose to be.

The audit covered four major areas of the closeout process: accounting for goods and services which were to be received, accounting for USAID--funded property in the possession of contractors, decommitting excess funds, and requesting and performing final audits (including desk reviews) to assure propriety of payments to contractors. The audit did not cover other specific areas (e.g., patent) in the closeout process.

The audit was subject to the following limitations:

- Due to the lack of documentation (e.g., contract documents and financial records) coupled by the fact that the responsible USAID project officers were no longer at USAID/Dominican Republic, we could not for all contracts selected for review determine what was actually contracted for, what was received, and what was paid. For example, neither USAID/Dominican Republic officials nor the USAID Regional Contracting Officer could locate: the contract document for 7 of the 21 contracts selected for review; final performance reports for 18 of the 21 technical assistance contracts reviewed; and financial records for 3 of the 21 contracts reviewed.
- We did not attempt to verify (1) the overall reliability of the data generated from USAID's Contract Information Management System (CIMS) or the listing of contracts provided by USAID/Dominican Republic and the USAID Regional

Contracting Officer to identify expired contracts nor (2) the amount of actual disbursements under those contracts. The audit only tested available source documents located at USAID/Dominican Republic to verify that the reported expiration dates were correct for the contracts selected for review. Also, although there was a significant difference in the data in the CIMS compared to the list of contracts identified by USAID/Dominican Republic and the USAID Regional Contracting Officer— e.g., 187 contracts with commitments totaling \$51.1 million identified in the CIMS compared to 13 contracts with commitments totaling \$22.6 million identified by USAID/Dominican Republic, we did not attempt to reconcile the differences or determine the underlying cause for the discrepancies.

- We did not attempt to conclusively determine what property was in the possession of contractors when their contracts expired or to reconcile the property data furnished by contractors reviewed with USAID/Dominican Republic records. In our opinion, such reconciliations are the responsibility of USAID/Dominican Republic officials and the USAID Regional Contracting Officer. We also did not attempt to quantify the full extent that USAID-project funded property were sold and the proceeds deposited in USAID's operating expense accounts. This report, however, includes a recommendation for USAID/Dominican Republic to identify such proceeds and to take corrective action (see page 5).

Methodology

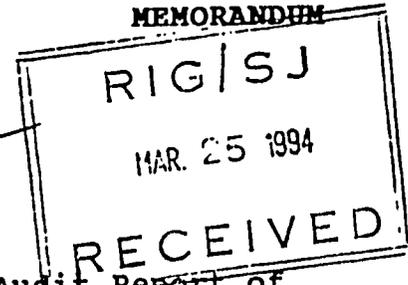
To accomplish the objective, we downloaded data from USAID's Contract Information Management System (CIMS), which is maintained by USAID's Office of Procurement, to identify expired USAID-direct and host-country contracts administered by USAID/Dominican Republic (including the USAID Regional Contracting Officer) that had expired as of April 1, 1993. We also requested USAID/Dominican Republic to identify all USAID-direct and host-country contracts that it had responsibility for administering and which had expired by the same date. We selected a sample of 10 USAID-direct and 11 host-country contracts with reported commitments totaling \$19.0 million and \$15.0 million, respectively. These samples were judgmentally selected from the 187 expired contracts (163 USAID-direct and 24 host-country) and represent 66.5 percent of the total commitments of the expired contracts at that time. Our review focused on four major

areas of the closeout process: accounting for goods and services which were to be received under the expired contracts, accounting for USAID-funded property in the possession of contractors, decommitting excess funds, and requesting and performing final audits (including desk reviews) to assure propriety of payments to contractors. We reviewed documents (e.g., internal procedures, contract files, and financial records) and met with officials at USAID/Dominican Republic (including the USAID Regional Contracting Officer).

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

UNITED STATES GOVERNMENT
MEMORANDUM

Date: March 21, 1994
From: Marilyn Zak, Director *M. Zak*
To: Coinage Gothard, RIG/A/SJ
Subject: Management Comments on the Draft Audit Report of
USAID/Dominican Republic's Close-out Practices for
Expired Contracts.



Following are our Mission's comments and plans to address the issues brought to our attention in the subject draft audit report. We appreciate the insights provided by your office and the recommendation made to improve our management of the contract closeout process in our Mission.

We concur with your figures included throughout this report and accept the recommendation with its various sections as stated. Attached is a Representation Letter signed by my predecessor, Mr. Raymond Rifenburg, prior to his departure from post in his capacity as Mission Director during the time frame the audit work was conducted. The Regional Contracting Officer and Mission Controller have likewise signed this letter. We apologize for any inconvenience or frustrations experienced by your staff during the course of their work in our offices; particularly in locating some of the material.

Our Mission will develop and issue a Mission Operations Manual Order (MOM) establishing procedures to be followed to closeout Mission contracts and grants which will include the elements suggested in the Recommendation's sections Nos. 1.2, 1.3, and 1.8. This MOM will tie in to our existing MOM's covering project closeouts and our Audit Management and Resolution Program. Based on this plan we request that these sections of the recommendation be considered resolved. We will request closure when the MOM containing the suggestions made is issued.

Our Mission will contract under an existing Mission Indefinite Quantity Contract to determine the appropriate actions required to close the recommendation's sections requiring action to close-out expired contracts. The statement of work for the delivery order will include the suggestions made in the recommendation's sections Nos. 1.1, 1.4, 1.5, and 1.6. Based on this plan we request that these sections of the recommendation be considered resolved. We will request closure when the contract

is awarded and the contracted work is completed.

The action suggested in section No. 1.7 of the recommendation has already been taken. Attachment I includes evidence of our actions. Based on these actions and evidence attached, we request that section No. 1.7 of the recommendation be considered resolved and closed.

Our Section 1311 Review on March 31 will again look at the unliquidated commitments identified in section 1.9 of the recommendation to make the determinations recommended. Our workpapers will note actions necessary to record decommitment of unused funds. We will report our findings to your office once that review is completed. Based on this plan we request that that section 1.9 of the recommendation be considered resolved. We will request closure once all the identified decommitments have been recorded.

Our Mission has already requested audits or will perform appropriate reviews for the contracts identified in section 1.10 of the recommendation. We will include these required Contract Closeout Audits and any other we identify on our Audit Status and Tracking Report and monitor actions and progress under our regular audit monitoring program. Based on this plan we request that section 1.10 of the recommendation be considered resolved. We will request closure once all audits or appropriate reviews have been performed.

Based on our actions to date and our plans to resolve and close section 1.1 through 1.10 of the recommendation, as well as our past record to use audit reports and findings when conducting our annual assessments, we request that section 1.11 of the recommendation be considered resolved and closed.

If any additional information or clarifications are required to respond to our requests for resolution and closure please do not hesitate to contact our Mission.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

UNITED STATES GOVERNMENT
MEMORANDUM

Date: February 11, 1994
From: J. Wayne Butler, Controller
To: Patricia Hernández, Chief Accountant
Subject: NXP Sales Deposits

During the initial work on the current Operating Expense Audit, the RIG/A/SJ uncovered that some funds from the sales of project-funded NXP were deposited to the Agency's central account which is reused for Agency procurement of NXP as operating expense funds. We need to transfer those funds out of 72F3845 into the Treasury's "miscellaneous account."

Attached are copies of receipts from NXP sales for the last four, and only recent sales, prepared and submitted to our office by the Management Office. The last sales sheet identifies project-funded NXP sold. The Management Office has researched their records for the three prior sales and have not identified any project-funded items included in those sales. The account number noted on the latest sales sheet for project-fund NXP sold less the proportionate share of sales expenses is not correct. The account number was listed on this sheet based on incorrect information provided by our office. Our information was based on unclear cable instructions from USAID/W.

Normally, we would return these funds to the project from which the NXP were funded. The projects in these cases are long closed and the funds are subject to "M" account legislation. Please take action to transfer these funds out of 72F3845 into the Treasury's "miscellaneous account" and make copies of all transactions to provide to the RIG/A/SJ when they return to continue their audit work. Evidence that RAMC Mexico has processed this action should also be provided to the RIG/A/SJ. Also, based on guidance from M/FA/FM in response to our message which explained our error, we need to inform M/FA/FM/CAR of our actions in case they determine the amount involved to be significant. Please prepare a cable to their attention, to be authorized by me, informing them of the transfer once completed.

Attached for your information and our records is the working file I created when this issue was brought to my attention which contains all communication involved in sorting this problem out.

2

This file should also be made available to the RIG/A/SJ.

Thank you for your attention to these actions. Please inform all members of your staff involved with these transactions so we can work together to assure proper funds deposits in the future.

cc: JVarley, MGT
JThompson, Deputy Controller
RRfenburg, DIR

Drafted:JWButler:GG
02-10-94. Doc. Id. BPAs

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

**UNITED STATES GOVERNMENT
MEMORANDUM**

Date: January 24, 1994
From: J. Wayne Butler, Controller
To: Joseph Varley, EXO
Subject: NXP Sales

Attached are copies of collection sheets provided for the last four NXP sales conducted by the Mission. The sheet for the fourth sale was provided by you to show that project-funded NXP was identified. Could you check the first three sales and identify any project-funded items sold? There are none indicated on the collection sheets.

Thanks for your help with this. I'd like to resolve and close the expected audit recommendation at the time the audit report is issued.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

Appendix II
Page 6 of 9 pages

**UNITED STATES GOVERNMENT
MEMORANDUM**

Date: March 4, 1994
From: Joseph M. Varley, EXO
To: J. Wayne Butler, Controller
Subject: NXP Sales

After reviewing records of all sales, we have found that no project-funded NXP was included in the first three sales.

JOURNAL

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No. 94- 12
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Sch. 4/2/94

3/16/94

Appendix II
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REFERENCE	EXPLANATION	DEBIT	CREDIT
MEMO DTD. 2/11/94 "NXP"	<p style="text-align: center;">COLLECTION TRANSACTION</p> <p>APP: 72F3845 VOUCHER: 4517C049 RD\$454,648.84 E/R= RD\$12.80</p> <p>Reverse this transaction and posted the correct amount to the correct appropriation as follows:</p> <p>APP: 72-3220 <i>DB</i> 151,555.83</p> <p>APP: 72F3845 <i>DB</i> 213,093.01</p> <p>Reference to W. Butler memo, dated 2/11/94.</p>	<p style="text-align: right;">35,519.44</p>	<p style="text-align: right;">35,519.44</p>

ACTION:
PREPARED BY
APPROVED BY

NAME: TITLE / DATE
Patricia Hernandez B. Acc. Sup.
Jill Thompson D/Controller

[Handwritten signature]

POSTED IN MACS
DATE: 3/16/94

U. S. AID MISSION TO DOMINICAN REPUBLIC

AMERICAN EMBASSY, P. O Box 22201
SANTO DOMINGO, DOMINICAN REPUBLIC

FOR U. S. CORRESPONDENTS:
U. S. AID MISSION
APO MIAMI 34041-0008

February 24, 1994

Mr. Coinage N. Gothard
RIG/A/San Jose
Agency for International Development

Dear Mr. Gothard:

In connection with your audit of USAID/Dominican Republic's Practices for Closing out Expired Contracts, covering USAID direct contracts, host country contracts, grants, and cooperative agreements having estimated completion dates less than April 1, 1993, I confirm, to the best of my knowledge and belief, the following representations:

1. For USAID direct contracts, host country contracts, grants, and cooperative agreements, USAID/Dominican Republic has overall responsibility for:
 - the internal control systems;
 - compliance with applicable laws, regulations and legally binding requirements; and
 - the fairness and accuracy of the accounting and financial management information.
2. To the best of my knowledge and belief, USAID/Dominican Republic has made available to RIG/A/SJ auditors all of the financial and management information related to the USAID direct contracts, host country contracts, grants, and cooperative agreements covered by the audit and available at USAID/Dominican Republic.
3. To the best of my knowledge and belief, those records are accurate and complete and give a fair representation of the status of the matters under audit.

4. To the best of my knowledge and belief, USAID/Dominican Republic has disclosed any known material irregularities (as defined in GAO/OP4.1.2) related to the contracts, grants, or cooperative agreements reviewed during the audit which we consider substantive involving either USAID/Dominican Republic employees with internal control responsibilities or the recipients of such contracts, grants or agreements.
5. To the best of my knowledge and belief, USAID/Dominican Republic is not aware of any material instances where financial or management information on matters directly relating to the contracts, grants, or agreements reviewed during this audit have not been properly and accurately recorded and reported, other than the findings in the audit report.
6. For the audited activities, to the best of my knowledge and belief, there have been no instances of non-compliance with USAID required policies (as distinct from policy guidance) and required procedures, nor violations or possible violations of laws or regulations subject only to the qualifications reported in your audit draft report.
7. After review of your draft audit report and further consultation with my staff, I know of no other facts as of the date of this letter (other than those expressed in our Management Comments to the draft report) which, to the best of my knowledge and belief, would materially alter the conclusions reached in the draft report.

Raymond Rifenburg 2/25/94
Raymond Rifenburg, Mission Director

J. Wayne Butler 2/25/94
J. Wayne Butler, Controller

Martin Napper 2/25/94
Martin Napper, Regional Contracting Officer.

**ANALYSIS OF SELECTED
EXPIRED CONTRACTS
AS OF MARCH 31, 1993**

APPENDIX III

USAID Direct Contracts

Contractor	Contract #	Completion Date	Commitment Amount 1/	Reported Expenditures 1/	Decommitted Amount	Unliquidated Commitments 2/	Estimate of Government Property 3/	Receipt of Goods & Services Supported	Closeout Audit Required and Requested 4/
Clapp & Mayne	517-0236-C-9001	4/15/91	\$1,204,268	\$1,037,334	\$166,934	\$ 0	\$14,389	Yes	Yes/Yes
Clapp & Mayne	517-0153-C-9100	10/31/90	1,016,231	897,368	118,863	0	Unknown	Yes	Yes/Yes
LASPAU	517-0160-C-4008	12/31/91	4,920,000	4,749,777	170,223	0	Unknown	No	Yes/No
Moneaco Inc.	517-0218-C-7010	9/30/89	589,505	548,287	41,218	0	Unknown	No	Yes/No
IRI Research Ins.	517-0214-C-8095	2/17/92	1,444,783	1,341,536	0	103,247	22,408	No	Yes/No
Develop. Assoc.	517-0229-C-7159	6/30/92	2,342,437	2,292,647	0	49,790	29,186	No	Yes/Yes
Develop. Assoc.	517-0216-C-7089	7/30/91	3,600,000	3,491,355	108,645	0	3,036	No	Yes/Yes
Michigan St.Univ.	517-0126-C-2006	7/31/87	989,600	840,051	149,549	0	Unknown	No	Yes/No
Univ.of Nevada	517-0157-C-6033	12/15/89	863,081	835,316	27,765	0	29,500	No	Yes/No
Save The Child. Fed.	517-0239-A-8267	9/30/91	2,014,362	2,014,362	0	0	Unknown	Yes	Yes/No
Direct Contract Total			\$18,984,267	\$18,048,033	\$783,197	\$153,037	\$98,519		
Host Country Contracts									
Stanford Res. Inst.	517-0190	10/31/91	\$3,786,862	\$3,786,862	\$ 0	\$ 0	\$ 140,000	No	Yes/No
Harza Engineering	517-0144	5/ 4/22/87	891,737	891,737	0	0	0	No	No
La Antillana Com.	517-0177	9/9/89	884,461	858,699	25,763	0	0	No	No
La Antillana Com.	517-0177	5/ 1/15/86	1,396,765	6/ 1,396,765	Unknown	Unknown	0	No	No
Electric Engin.Co.	517-0144	6/22/88	604,045	6/ 604,045	Unknown	Unknown	0	No	No
Implem.y Maquinarias	517-0177	5/ 1/15/86	1,677,263	6/ 1,667,263	Unknown	Unknown	0	No	No
Ernst & Young	517-0237	12/31/92	963,276	960,887	0	2,389	100,000	No	Yes/No
T.A.M.S.	517-0177	6/30/90	2,026,391	2,005,453	20,938	0	Unknown	No	Yes/No
Daniel Fluor Eng.	517-0144	5/ 12/30/87	1,434,398	1,434,398	0	0	0	No	No
Transcentury Corp.	517-0127	5/ 4/18/86	631,447	631,447	0	0	Unknown	No	Yes/No
Burns & Roe	517-0144	5/ 2/14/86	700,000	700,000	0	0	0	No	No
Host Country Total			\$14,996,645	\$14,937,556	\$46,701	\$2,389	\$240,000		
EXPIRED CONTRACT TOTAL			\$33,980,912	\$32,985,589	\$829,898	\$155,426	\$338,519		

1/ Used USAID/Dominican Republic's financial records when available or data reported in the CIMS.

2/ We did not identify any outstanding advances.

3/ We could not identify all USAID-funded property in the possession of contractors. However, according to USAID/DR's financial records, we determined that 7 of the 21 contractors reviewed had in their possession property with an estimated cost to USAID of \$338,519.

Some contractors may have had USAID-funded property in their possession but this could not be determined due to the lack of adequate records.

4/ According to available records, closeout audits were requested or performed for only 4 of the 14 cost-type contracts requiring final audits.

5/ Used completion date as reported in CIMS.

6/ Actual expenditure data was unavailable, thus planned contract cost data from CIMS was used.

USAID/DR GRANTS TO NONGOVERNMENTAL ORGANIZATIONS AND U.S. CONTRACTORS		
Grantee	Date Grantee Accepted Property	Cost of Donated Property
Action For Basic Education (EDUCA) Santo Domingo, D.R.	10/22/92	\$8,240
Economics and Development Foundation Santo Domingo, D.R.	10/20/92	17,340
American Chamber of Commerce of the Dominican Republic Santo Domingo, D.R.	10/20/92	6,300
Administrative Sub-Secretary of Public Health and Social Assistance Santo Domingo, D.R.	10/22/92	1,100
National Drug Council Santo Domingo, D.R.	10/26/92	6,600
Action For Basic Education (EDUCA) Santo Domingo, D.R.	2/17/93	5,510
International Policy Center SRI International Arlington, Virginia	5/10/93	9,100
SRI International Arlington, Virginia	10/20/92	17,930
Total Cost		\$72,120

APPENDIX V

Analysis of Questionable Disposal of Property By USAID/Dominican Republic			
Contract or Project No.	No. of Items	Cost	Reason for Questioning
517-0236-C-9001	86 9	\$13,312 1,077	Disposal not documented At employees' residences
517-0237 (Ernst and Young)	4 8 10 Unknown	1,044 782 1,515 96,659	At employees' residences Disposal not documented At USAID's warehouse Unknown disposition
517-0190 (Stanford Research Institute)	73 Unknown	72,120 67,880	Improper transfer Disposal not documented
517-0229-C-7159	17	29,186	Disposal not documented
517-0216-C-7089	2	3,036	Disposal not documented
517-0214-C-8095	69	22,408	Disposal not documented
517-0157-C-6033	Unknown	29,500	Disposal not documented
Totals	278	\$338,519	

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