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AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

OFFICE OF THE AUDITOR GENERAL
AREA AUDITOR GENERAL/EAST ASIA

AUDIT REPORT

UNITED STATES A.I.D. MISSION TO VIETNAM (USAID/VN)

CONTRACT NO. AID/vn-82 WITH

CATHOLIC RELIEF SERVICES

(WAR VICTIMS RELIEF AND REHABILITATION

PROJECT NO. 730-11-822-307)

A.I.D.
Reference Center
1975 MS

Period covered: January 1, 1971 to August 31, 1972

Audit Report No. 9-730-74-02

Date report issued: July 11, 1973

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AUDIT REPORT
UNITED STATES A.I.D. MISSION TO VIETNAM (USAID/VN)
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Part I - Purpose and Scope

We have performed a final audit of cost reimbursable contract No. AID/vn-82 between AID/W and the Catholic Relief Services, United States Catholic Conference, Inc. (CRS), a non-profit corporation with its home office located in New York, N.Y. Our examination conducted during March and April 1973 at the CRS office in Saigon, Vietnam, covered the contractor's overseas activities under this contract for the period from January 1, 1971 through August 31, 1972.

The audit was made to determine compliance with the terms and conditions set forth in the contract and applicable AID regulations. We reviewed the funding and implementing documents, pertinent reports, correspondence and documents supporting reimbursed local currency costs. We examined time and attendance records, personnel procedures and leave practices. We also reviewed procurement procedures and examined property accountability records and controls.

We did not independently evaluate the contractor's performance nor did we make any on-site inspection tours since this is being done in conjunction with a related sector audit. However, we did review and

evaluate the Contractor Evaluation Performance Reports and related correspondence prepared by USAID personnel.

We were unable to examine the accounting records for U.S. dollar costs because all dollar accounting records are maintained at the contractor's New York office and subject to audit by AID/W, Auditor General, Office of Audit (AG/AUD).

Part II - Background

A - OBJECTIVES

Under the terms of the contract, the contractor was to provide assistance to the CVN as follows:

1. Provide technical services to operate a social welfare community development and health services program.

2. Provide consultation services to CORDS Refugee Directorate and the Government of Vietnam Ministry of Social Welfare.

B - CONTRACT FUNDING/LEVEL OF EFFORT

For the audit period, the contract estimated costs were increased from US\$353,000 and VN\$10,000,000 to \$484,000 and VN\$23,000,000 and the estimated completion date was extended to March 31, 1972 from April 1, 1971. The level of effort likewise was increased from 290 man-months of direct labor for U.S. personnel and 380 man-months of direct labor for Vietnamese personnel to 374 and 680 man-months. Effective April 1, 1972, all U.S. direct labor was terminated when some activities were curtailed leaving direct labor Vietnamese working only in the area of nutrition to the revised termination date of August 31,

1972. A new contract was signed with a limited scope centering around nutrition and financed with local currency. The new contract, No. AID 730-3531 covers the period from September 15, 1972 to June 30, 1973. Government property used under contract No. AID/vn-82 was transferred and is currently being used under the new contract.

C - PRIOR AUDITS

Our interim audit report No. 9-730-71-99 dated April 14, 1971, contained one recommendation which has been fully implemented.

D - PROJECT MANAGEMENT

Responsibility for monitoring contract activities was vested in the Civil Operations and Rural Development Support (CORDS/REF) through March 31, 1972. Effective April 1, 1972, this responsibility was transferred to USAID/Food for Peace under the Associate Director for Relief and Rehabilitation (ADRR).

Part III - Summary

There are no recommendations in this report, however, three direct labor U.S. personnel did not fully comply with contract required tours of duty, and the U.S. Personnel Officer and Accountant did not devote full time to contract No. AID/vn-82. Since dollar records are maintained in New York, it was not possible to determine whether salary costs were properly allocated (page 5).

PART IV

STATEMENT OF FINDINGS AND RECOMMENDATIONS

For the Office of the Director, USAID

A - CONTRACT FUNDING

The status of contract funds as of August 31, 1972 was as follows:

	<u>U.S. Dollars</u>	<u>VN Piasters</u>
Contract Provisions	\$484,000	VN\$23,000,000
Reimbursed Costs	<u>332,090</u> <u>1/</u>	<u>23,000,000</u>
Contract Balance	<u>\$151,910</u> <u>2/</u>	<u>VN\$ -0-</u>

1/ Represents dollar reimbursed costs through August 31, 1972, as shown by Advice of Charges received from AID/W. These costs are subject to audit by AID/W Auditor General, Office of Audit (AG/AUD).

2/ USAID deobligated \$131,000 of contract funds on June 23, 1972.

B - VIETNAMESE PIASTER COSTS

Our examination of local personnel, payroll, vendor's invoices, internal program reports and other documentation disclosed that piasters claimed by CRC were proper and allowable under the provisions of the contract. Cost details are shown on Exhibit A.

C - U.S. PERSONNEL

Our examination disclosed that two U.S. employees worked only a portion of their time on contract No. AID/vn-82:

<u>Name</u>	<u>Estimated Time:</u>	
	<u>CRS</u>	<u>AID/vn-82</u>
L. Brackney (Personnel Officer)	10%	90%
E. Conway (Accountant)	75%	25%

Since dollar records are maintained at the contractor's New York office, we could not verify the propriety of salaries allocated to the contract.

We also determined that three U.S. employees had not completed the normal eighteen months tour of duty and some adjustment may be required to transportation costs claimed and reimbursed to CRS. Arrival and departure dates are shown on Exhibit B.

D - CONTRACTOR'S PERFORMANCE

The Evaluation of Contractor Performance (U-307 and 1423/1), reports prepared by the USAID Contract Representative covering the contract period from January 1, 1971 through August 1, 1972 have reported satisfactory CRS performance. The reports state that the personnel were qualified and technically competent. The quality of the performance was good even though the contractor did not meet all of the objectives because of limited technical personnel. CRS was unable to provide a social administration specialist while the geriatrics specialist served only eight months. CRS contends that these positions remain unfilled because they couldn't guarantee long term employment. The

amendments which extended the contract completion dates cover periods of less than one year. The concept of a multi-disciplinary mobile institutional team was not realized since the GVN/MSW didn't want a team of foreigners investigating its institutions during a critical political period.

Action was taken by the Contracting Officer to delete child welfare, geriatrics and social administration from the contract. The scope of work was further reduced by eliminating U.S. direct salary personnel effective April 1, 1972, and by concentrating on nutrition by utilizing qualified Vietnamese personnel.

E - GOVERNMENT PROPERTY

1 - Motor Vehicles

We accounted for all motor vehicles on loan to the contractor. These vehicles were formally transferred and are presently being utilized under CRS contract No. AID 730-3531.

During the period under audit a USAID IH Scout was stolen from the residence of a CRS employee. Additional investigation revealed that the auto was never found and the the contractor's insurance company reimbursed USAID in an amount which approximated actual value.

2 - Furniture and Equipment

We examined furniture and equipment and compared to USAID housing receipts. All USAID furnished property was properly accounted for and transferred for use under the follow-on contract, No. AID 730-3531.

Contract No. AID/vn-82
Summary of Piaster Costs Reimbursed and Accepted
For the Period from January 1, 1971 through August 31, 1972

<u>Description</u>	<u>Contractor Claims:</u>		<u>Costs Accepted</u>
	<u>Prior Audit</u>	<u>Current Audit</u>	
Payroll	VN\$5,916,464	VN\$13,966,354	VN\$19,882,818
Travel and Transportation	326,173	1,344,142	1,670,315
Expendable Supplies and Commodities	657,114	667,515	1,324,629
Office Supplies	3,037	19,510	22,547
Vehicle Maintenance	4,600	500	5,100
Miscellaneous	<u>3,450</u>	<u>91,141</u>	<u>94,591</u>
Total	<u>VN\$6,910,838</u>	<u>VN\$16,089,162</u>	<u>VN\$23,000,000</u>

Contract No. AID/vn-82
Schedule of U.S. Employee Arrival & Departure Dates
As of August 31, 1972

<u>U.S. Personnel</u>	<u>Date</u>		<u>Service</u>	
	<u>Arrival</u>	<u>Departure</u>	<u>Months</u>	<u>Days</u>
<u>Supervisors</u>				
Miss A. O. Casey	9/13/67	3/31/72	54	13
Mrs. L. Brackney	10/13/69	1/22/71 <u>1/</u>	15	10
Mr. E. Conway	5/20/68	5/22/71	36	3
<u>Team Workers</u>				
Msgr. J. Luik	10/02/68	4/03/71	30	2
Mrs. D. Ramage	10/03/69	3/31/72	29	23
Msgr. A. Vander Loop	12/31/69	6/19/71 <u>1/</u>	17	20
Msgr. A. Hill Byrne	10/18/69	4/18/71	18	-
Fr. R. Paskey	5/29/70	1/31/71 <u>1/</u>	8	3

1/ These employees served less than an eighteen month tour in Vietnam.

Distribution of Report

USAID/VN

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Auditor General, Office of Audit (AG/AUD) 5

Bureau for Supporting Assistance, Office of Management
(AA/SA/MGT) 2

Office of Vietnam Affairs (SA/VN) 1

Office of Contract Management (AA/SER/CM) 2

Inspector General of Foreign Assistance (IGA/W) 1

OTHER

General Accounting Office (GAO)/Saigon 1

Inspections and Investigations Staff (IIS)/Saigon 1