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AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES AID MISSION TO LAOS

22p.

AUDIT REPORT NO. 68-12

REPORT ON AUDIT  
OF  
OPERATION BROTHERHOOD SUBACTIVITY  
PUBLIC HEALTH DEVELOPMENT  
PROJECT NO. 439-11-066-1  
FOR THE PERIOD  
SEPTEMBER 1, 1964 TO SEPTEMBER 30, 1967

OFFICE OF THE CONTROLLER  
AUDIT BRANCH  
USAID/LAOS  
FEBRUARY 28, 1968

TO : Mr. Joseph A. Mendenhall, Director  
FROM : *Williams*  
James E. Williams, Controller

February 29, 1968

SUBJECT: Audit Report No. 68-12, Report on Audit of Operation  
Brotherhood Subactivity

Attached for your information is a copy of Audit Report No. 68-12, covering our audit of the Operation Brotherhood Subactivity for the period from September 1, 1964 to September 30, 1967.

The auditor's findings and recommendations are summarized below:

Accountability records for in-use non-expendable property were not properly maintained and Government-furnished property was not properly identified nor marked with AID emblems. We have recommended that PHD, in coordination with the Contracting Officer, require OBI to (a) account for all items of Government-furnished property shown on Exhibit D of this report, (b) establish and maintain adequate accountability records and locator records for all non-expendable property furnished by the Government since inception of the OB Project, and (c) mark each item of non-expendable property by decalcomania or other suitable method to distinguish Government-furnished property from Contractor-owned property. We have also recommended that PHD require OBI to affix AID emblems to all AID-financed non-expendable property and ensure that in the future non-expendable property items are marked with the AID emblem prior to release for project use.

Adequate supply management procedures and practices had not been established at OBI/Vientiane and field locations. We have recommended that PHD, in coordination with the Contracting Officer, require OBI to (a) promptly complete inventories and analyses of all medical and other supplies, (b) establish 90-day stock levels at all field hospitals, (c) turn in all excess quantities and obsolete or expired items to PHD, and (d) establish procedures for timely and accurate periodic reporting by OBI field hospitals of essential data for proper supply management.

Our analysis of subsistence cost for the OBI trainees' mess in Vientiane disclosed excessive costs resulting from excessive purchases and paying prices in excess of prevailing market prices. Corrective action was taken during the audit.

Time and attendance records for OBI/Laos personnel were not satisfactorily maintained and some administrative and supervisory personnel in Vientiane were not working the prescribed 40-hour workweek. We have recommended that PHD, in coordination with the Contracting Officer, require OBI to establish and maintain adequate time and attendance records and establish controls to ensure that all employees work a full 40-hour workweek.

Collection procedures at the Vientiane Hospital were inadequate and collection procedures had not been established at other OBI hospitals. We have recommended that PHD, in cooperation with the RLG Ministry of

Mr. Joseph A. Mendenhall -- Page 2

Public Health, consider initiating charges for medical services at OBI/RLG provincial hospitals. We have also recommended that PHD review with OBI the collection procedures and practices of the OBI/Vientiane hospital to determine whether the rate of collection can be improved.

Our review of OBI Manila Headquarters expenses, charged to the contract as direct costs, disclosed that the billing of such expenses as direct costs does not necessarily result in an equitable distribution of administrative expenses. Negotiations for the current contract extension resulted in a substantial reduction of the Manila expenses chargeable to the contract. However, there is still provision in the contract cost schedule for subscription costs of ~~₱~~6,000. Since all medical textbooks and subscriptions are now being procured through PIO/C's, we are recommending that the Contracting Officer amend the contract to delete this cost item.

Attached for your signature are office memoranda to the Chief, Public Health Division and the Chief, Office of Supply Management, requesting that they take the initiative in implementing the audit recommendations.

Attachment:

Audit Report No. 68-12

Distribution:

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REPORT ON AUDIT  
OF  
OPERATION BROTHERHOOD SUBACTIVITY  
PUBLIC HEALTH DEVELOPMENT  
PROJECT NO. 439-11-590-066  
FOR THE PERIOD  
SEPTEMBER 1, 1964 TO SEPTEMBER 30, 1967

SCOPE OF AUDIT

The Audit Branch, Office of the Controller, has made an audit of the Operation Brotherhood Subactivity of Project No. 439-11-590-066, Public Health Development. The audit was made primarily to evaluate (1) the performance of Operation Brotherhood International (OBI), (2) compliance with provisions of the Project Agreements and applicable contracts, and (3) the propriety of costs charged to the OBI contract. The audit was conducted during the period from May 7, 1967 to November 20, 1967 and covered the period from the cut-off date of the previous audit, August 31, 1964, to September 30, 1967. We reviewed the Country Assistance Programs (CAP), Project Agreements, Contracts, and related documents; examined Mission financial records and supporting documents; reviewed and evaluated OBI procedures and controls for commodity requirements computations and commodity arrival, inspection, storage, and distribution at OBI Vientiane Headquarters, field warehouses, and hospital supply rooms; and examined for propriety the Pese and Kip costs charged to the contract, including salaries and operating costs of the OBI Manila Headquarters.

BACKGROUND INFORMATION

The Operation Brotherhood Subactivity was begun in Fiscal Year 1957. Through Fiscal Year 1963, AID support consisted entirely of financing of commodities for OBI hospitals and dispensaries in Laos. In 1963, the Project Agreement was amended to include contract services and on July 1, 1963, USAID/Laos entered into a Letter Contract with OBI, which was definitized on September 1, 1963. The contract, No. AID-439-423, which provided for dollar and kip reimbursement for OBI salaries and other operating costs in carrying out programs for medical treatment, public health, and related training, has been extended annually, the latest amendment providing for services through August 31, 1968.

From inception of the program in 1957 through September 30, 1967, project dollar obligations totaled \$6.5 million and accrued expenditures totaled \$6.5 million. Local currency obligations totaled the equivalent

of \$2.49 million. Total obligations and accrued expenditures are summarized below by cost category:

<u>Category</u>	<u>Thousand \$ and \$ Equivalent</u>	
	<u>Obligations</u>	<u>Accrued Expenditures</u>
Commodities	\$ 3,302	\$ 3,240
Personal Services	23	23
Contract Services	3,190	3,145
Other	<u>59</u>	<u>59</u>
Total Dollars	\$ 6,574	\$ 6,467
Contract L/C	<u>2,504</u>	<u>2,492</u>
Total	<u>\$ 9,078</u>	<u>\$ 8,959</u>

Contract costs incurred from inception through September 30, 1967 totaled 12.1 million Pesos (\$3.1 million) (Exhibit A) and 549.3 million Kip (\$2.49 million)(Exhibit B).

Contract costs incurred during the period covered by this audit, September 1, 1964 to September 30, 1967, totaled 9.6 million Pesos (\$2.5 million) and 478 million Kip (\$2 million) as shown in Exhibit C.

Operation Brotherhood International is a "non-stock corporation" with headquarters located in Manila, Philippines. To accomplish the objectives of the OBI program, OBI operates Headquarters Groups in Manila and Vientiane and field operations teams in Vientiane, Keng Kok, Paksong, Saravane, Attopeu, Vang Vieng and Sayaboury. The headquarters group in Manila recruits and trains Filipino personnel for the Laos operations. The Vientiane Headquarters group provides program guidance, technical direction, and administrative and logistical support. The field operations teams operate the seven hospitals and related activities in Laos.

Project staffing as of September 1967 included one USAID direct-hire American physician (Project Advisor). The remaining staff was employed by OBI and consisted of approximately 122 Filipinos and 380 local personnel.

(The latest contract amendment, executed after the cut-off date of this report, reduced the total Filipino positions to 99 for the current contract year and all local personnel were transferred to the RLG.)

#### SUMMARY OF MAJOR FINDINGS

Conditions disclosed by the audit which require corrective action are summarized below and presented in detail in the Findings and Recommendations section of this report.

Accountability records were not maintained for in-use non-expendable property and Government-furnished property was not properly identified nor marked with AID emblems. (Recommendations 1, 2, and 3)

Adequate supply management procedures and practices had not been established at OBI/Vientiane headquarters and field locations. (Recommendations 4 and 5)

Our analysis of subsistence costs for the OBI trainees' mess in Vientiane disclosed excessive costs resulting from (1) purchase prices of foodstuffs in excess of prevailing market prices, and (2) purchasing of excessive quantities of foodstuffs.

Time and attendance records for OBI/Laos personnel were not satisfactorily maintained and some administrative and supervisory personnel in Vientiane did not work the prescribed 40-hour workweek as required by the contract. (Recommendations 6 and 7)

Collection procedures at the Vientiane hospital were inadequate and collection procedures had not been established at other OBI hospitals. (Recommendations 8 and 9)

#### FOLLOW-UP ON PRIOR AUDITS

Audit Report No. 65-13, dated November 25, 1964, covering the period from July 1, 1961 to September 30, 1964, contained 13 recommendations for corrective action. Ten of the 13 recommendations were satisfactorily implemented. The remaining three recommendations, all relating to identification and control of non-expendable property, have not been satisfactorily implemented. (See Recommendations 1, 2, and 3 of this report)

#### FINDINGS AND RECOMMENDATIONS

##### Management of Non-Expendable Property

Accountability records were not maintained for in-use non-expendable property and Government-furnished property was not properly identified nor marked with AID emblems.

Though OBI conducts annual inventories of non-expendable property, such inventories are virtually useless since there is no basis for determining shortages and no distinction is made between Government-furnished and Contractor-owned property.

During the audit, we selected 274 items of Government-furnished property and attempted to account for the items through examination of current inventory listings and other OBI records and documentation. We were unable to locate or otherwise account for 73 items valued at about \$36,405. (Exhibit D)

During our review of AID-financed commodities, we physically inspected 258 items of non-expendable property. Of this total, 216 items, or about 84% of the total, was not properly marked with the AID emblem as required by AID Regulation I.

Audit Report No. 65-13, dated November 25, 1964, contained essentially the same findings as reported herein. In response to our recommendations, we were advised that a USAID officer had been appointed as Property Administrator and that all recommendations were being implemented. However, our current review disclosed no improvement in property controls, identification, and marking.

#### Recommendation No 1

The USAID/Laos Public Health Division, in coordination with the USAID Contracting Officer, should require OBI to:

(a) Account for all items of Government-furnished property shown on Exhibit D of this report.

(b) Establish and maintain adequate accountability records and locator records for all non-expendable property furnished by the Government since inception of the OB Project.

(c) Mark each item of non-expendable property by decalcomania or other suitable method to distinguish Government-furnished property from Contractor-owned property.

(d) Furnish a detailed written report to PHD at the end of each month on the status of implementation of the above recommendations.

#### Recommendation No. 2

The USAID Public Health Division, in coordination with the USAID Contracting Officer, should (a) require OBI to affix AID emblems on all non-expendable property items financed under the Operation Brotherhood Subactivity, and (b) ensure that future non-expendable property items are marked with the AID emblem before release for use on the project.

#### Recommendation No. 3

The USAID Controller should consider withholding all OBI management fees until such time as the required accountability records are established, property is properly identified, and all items of non-expendable property are satisfactorily accounted for.

#### Supply Management

Adequate supply management procedures had not been established at OBI/Vientiane Headquarters and field locations. Our review of supply management procedures and practices disclosed that basic supply control procedures were deficient in many respects. Inventory and consumption

reports from field locations were inaccurate and incomplete, providing little or no basis for determination of requirements and supplies were ordered and distributed without adequate knowledge of field station needs, resulting in gross overstocking at field locations.

Reports and inventories submitted by field locations were inaccurate and did not contain sufficient information for proper supply management, Annual inventory reports did not contain beginning balances, receipts, and usage data. Quarterly consumption reports submitted by field stations were prepared by the hospital medical staff rather than by supply personnel and consumption data did not agree with recorded usage shown on stock record cards. Special inventories were conducted by OBI in January 1967 at the request of PHD for the purpose of establishing stock levels to meet all PHD requirements. The inventories submitted were virtually useless, however, because of errors or omissions and lack of consumption data.

In September 1967, during the period of negotiations for the current OBI contract extension, and in anticipation of a general withdrawal of OBI from Laos, special USAID inventory teams were established to verify and update the inventories previously conducted by OBI personnel. Detailed procedures were prepared for taking inventories, determining stock levels and reorder points, determining excesses, and turn-in or disposal of excess and obsolete items. When the OBI contract was extended in October 1967, the USAID teams were withdrawn and OBI personnel were instructed to continue with implementation of the prescribed procedures. However, we understand that little progress has been made to date. Inventory listings have been submitted by some of the hospitals, but the essential line item analyses have not yet been made.

Our review of medicines and drugs at field locations disclosed many items of excess stocks. Some items had been on hand for several years with little or no usage. Our analysis of 43 line items of drugs and medicines at the OBI/Vientiane Hospital showed over two years supply for 98% of the items and over 10 years supply for 70% of the items. The hospitals in Paksong and Attapeu were also maintaining excessive quantities of drugs and medicines in ready-issue stock.

In December 1965 and January 1966, two requisitions were issued for a total of 43,128 glass tumblers. The tumblers were received at OBI/Vientiane between May and July 1966. About 29,000 tumblers were distributed to field hospitals, with no apparent basis for determining actual needs, and the remainder were in stock at the OBI/Vientiane Headquarters.

#### Recommendation No. 4

The USAID Public Health Division, in coordination with the USAID Contracting Officer, should require OBI to (a) promptly complete inventories and analyses of all medical and other supplies, (b) establish 90-day stock levels at all field hospitals, and (c) turn in all excess quantities and obsolete or expired items to PHD.

Recommendation No. 5

The USAID Public Health Division, in coordination with OBI should establish procedures for timely and accurate periodic reporting by OBI field hospitals of essential data for proper supply management. Such data should include beginning and ending inventories, receipts and issues, established stock levels, and inventory discrepancies.

In response to Recommendations No. 4 and No. 5, the Public Health Division made the following comments:

"Following the USAID inventory in September 1967, the USAID inventory team left with the Operation Brotherhood teams a list of procedures for taking inventories, determining stock levels and reorder points, determining excesses, etc. Since that time, after repeated requests, each field team has submitted an inventory and usage rates for the past three months, and stocking levels. We have analyzed the inventories and have withheld supplies of certain standard drug items if there are large supplies of non-standard drugs having the same pharmacologic effects. The value of expired drugs which have been destroyed is \$3,457.78. Excess quantities of drugs have been shifted to hospitals which need them. For example, protein hydrolystate has been sent from Kengkok to Vientiane."

"In spite of the fact that stocking levels have been submitted, we do not believe that Operation Brotherhood personnel understand the principles or procedures involved and, because many "emergency requisitions" have been received, we do not believe that the usage rates are valid. We suggest that the medical supply advisor for the Public Health Division visit the Operation Brotherhood teams, re-evaluate the procedures which have been used in establishing stock levels, and coordinate directly with the Operation Brotherhood supply officers and medical director."

Subsistence Costs

Our analysis of subsistence costs for the OBI trainees' mess in Vientiane disclosed excessive costs resulting from (1) purchase prices of foodstuffs in excess of prevailing market prices, and (2) purchasing of excessive quantities of foodstuffs.

A detailed review of prices paid for foodstuffs for the Vientiane trainees' mess showed that 12 of 26 items purchased exceeded the prevailing market prices in Vientiane by an average of 52% or a non-weighted average of 24% of all items checked. We computed that a savings of K 202,256 could have been saved during the month of June 1967, in the trainees' mess alone, if commodities had been purchased at the prevailing market prices.

Our analysis of food purchases for the month of June 1967 showed that the total quantity purchased was much in excess of the recommended

standard ration, for a very active person issued by the Food and Nutrition Research Center in the Philippines, as follows:

<u>Item</u>	<u>Grams/Ration</u>		
	<u>Recommended</u>	<u>Purchased</u>	<u>Excess</u>
Fish, meats, and fats	185	896	711
Eggs, (1 each - 30 grams)	10	45	35
Other fruits and vegetables	390	791	401
Vitamin "C" rich foods	150	354	204
Rice, cereals, bread, and potatoes	690	621	( 69)
Sugar	65	66	1
Coffee	-	11	11
	<u>1,490</u>	<u>2,784</u>	<u>1,294</u>

OBI has been instructed to take corrective measures to reduce subsistence expense in those areas where expenditures were excessive. A firm budget for subsistence has been established which limits expenditures to K 9,000/month for trainees and local personnel and K 8,000/month for patients. The subsistence budget, although not substantially reduced in total, now provides for dietary services for an additional 120 patients during the last six months of the contract year.

On November 1, 1967, all local OBI employees were transferred to the RLG Ministry of Public Health. The Ministry is making a detailed analysis of current salaries and allowances being paid local employees and comparing these with salaries and allowances payable under the RLG system. The determination of benefits such as meals served to local personnel will rest with the RLG as well as the determination of positions to be added or eliminated.

#### Time and Attendance

Time and attendance records for OBI/Laos personnel were not satisfactorily maintained and some administrative, supervisory, and field operations personnel in Vientiane did not work the prescribed 40-hour workweek, as required by the contract.

A review of procedures and controls at OBI/Vientiane showed that time and attendance reports were not maintained for OBI Filipino personnel in Laos. Attendance reports for Lao (local) personnel were prepared, but, they only indicated that the employee was present or absent for the day.

We were informed by the OBI/Controller that the normal working hours for OBI supervisory and administrative personnel are from 0800 to 1200 and from 1400 to 1700, Monday through Friday, and from 0730 to 1230 on Saturday. However, on-site observations and interviews with OBI personnel on Saturday, July 8, 1967, disclosed that some OBI supervisory

and administrative personnel in Vientiane were not working the prescribed working hours. Only a few employees reported to work on Saturday prior to 0800. Several employees were subsequently questioned about the working hours and each reported that the working hours on Saturday were from 0800 to 1200 hours. The OBI Controller stated that personnel were informed of the required working hours during orientation, but that working hours were not posted.

Recommendation No. 6

The USAID Public Health Division, in coordination with the USAID Contracting Officer, should require OBI to establish and maintain adequate detailed time and attendance records for all OBI/Laos employees.

Recommendation No. 7

The USAID Public Health Division, in coordination with the USAID Contracting Officer, should remind OBI/Laos of the contract requirement for a 40-hour workweek and require that controls be established to ensure that all employees work a full 40-hour workweek.

Hospital Collections

Collection procedures at the Vientiane Hospital were inadequate and collection procedures had not been established at other OBI hospitals.

Collections for medical services at the Vientiane Hospital during Fiscal Year 1967 totaled K 14,851,230. Donations were received at the Paksong and Attoupeu hospitals totaling K 163,560 and K 50,000 respectively. No collections were reported from the remaining four hospitals.

Collections received and number of treatments by the OBI/Vientiane hospital during Fiscal Year 1967 are summarized as follows:

<u>Department</u>	<u>Number of Treatments</u>	<u>Collections</u>	
		<u>Total</u>	<u>Average Per Treatment</u>
●ut Patients:			
X-Ray	12,235	K 2,641,700	K 216
Laboratory	50,748	867,685	17
Medicine	60,720	2,522,260	42
Professional Fees	60,720	446,170	7
Dental	<u>8,443</u>	<u>1,059,750</u>	<u>125</u>
	192,866	K 7,537,565	K 39
In Patients	<u>6,363</u>	<u>7,313,665</u>	<u>1,149</u>
Total	<u>199,229</u>	<u>K 14,851,230</u>	<u>K 75</u>

Procedures were established at the Vientiane Hospital to collect medical service fees. However, we noted that only a very few patients who were recorded as "pay patients" actually paid for the medical services in accordance with the approved rates. If patients refused to pay, the accounts were either excused or carried as receivables. OBI personnel stated that a collection agent did attempt to collect some of these receivables but once the patient left the hospital, efforts to collect the accounts were generally unsuccessful.

For billing purposes, patients were divided into two categories, "pay patients" and "charity patients". In order for patients to be classified as "charity patients", they must be a Lao citizen and meet one of the following criteria:

1. Certification by the Lao Government as being poor.
2. Refugee of Vientiane.
3. Recommendation from OBI Filipino Public Health Team.
4. Recommendation from an OBI Filipino Social Worker.

We noted that OBI-operated hospitals other than Vientiane had not established collection procedures. Donations in the amount of K 163,560 and K 50,000 were received at Paksong and Attapeu respectively during Fiscal Year 1967. No effort was made to determine whether patients were able to pay but donations were requested from patients. OBI personnel stated that they were reluctant to charge patients in the provinces because the Lao are not accustomed to paying for medical services and most RLG Public Health Activities do not charge for medical services.

#### Recommendation No. 8

The USAID Public Health Division should consult with the RLG regarding collection policies in RLG-operated provincial hospitals and, in cooperation with the RLG, consider initiating charges for medical services at the OBI/RLG provincial hospitals.

#### Recommendation No. 9

The USAID Public Health Division should review with OBI the collection procedures and practices of the OBI/Vientiane Hospital to determine whether the rate of collection can be improved.

In response to Recommendation No. 8, the Public Health Division made the following comments:

"In December, the Royal Lao Government issued a decree which required, for the first time, that provincial Royal Lao Government hospitals collect fees from patients who were able to pay. The decree includes

a complicated system of charging. We have translated the decree into English and are presently trying to coordinate the Royal Lao Government standard charges with those charged at Operation Brotherhood Hospital. Generally, the Royal Lao Government charges are lower and this may mean that Operation Brotherhood Vientiane will have to decrease charges. However, the Royal Lao Government standard charges will be initiated in all of the field hospitals during the next two months. This has been done in Vang Vieng and Sayaboury."

Manila Headquarters Expense

Our review of OBI Manila Headquarters expenses, charged to the contract as direct costs, disclosed that the billing of such expenses as direct costs does not necessarily result in an equitable distribution of administrative expenses.

Salaries and operating expenses of the Manila Headquarters charged to the contract during the period from September 1, 1964 to September 30, 1967 totaled \$410,142, or about 19.4% of the total Peso costs during the period, exclusive of fixed fees of \$350,000.

We were not able to fully evaluate the equitability of the charges for administrative salaries and other expenses, since we were unable to examine records pertaining to activities of OBI other than the Laos program. However, it was apparent that certain administrative expenses charged totally to the OBI/Laos operations could properly be distributed in part to other activities of OBI.

Total salaries of 22 administrative positions totaling ₱ 29,080 (\$7,456) monthly were being charged to the contract at the time of our review. These positions are summarized as follows:

	Number	Monthly Cost	
		Pesos	\$ Equivalent
Executive	4	₱ 13,396	\$ 3,434.87
Administrative	7	4,032	1,033.85
Accounting	2	3,112	797.94
Program Evaluation	4	3,356	860.51
Training	3	2,742	703.07
Personnel	2	2,442	626.15
	<u>22</u>	<u>₱ 29,080</u>	<u>\$ 7,456.39</u>

We believe that the functions and duties of the Executive, Administrative, Accounting, and Personnel groups clearly relate to all activities of OBI. Also, we fail to see the need for a Program Evaluation group inasmuch as the OBI/Laos program is currently limited to medical care.

Subscription expenses have averaged about ₱2,300 annually during the life of the contract. Our analysis of these expenses disclosed that many subscriptions were for non-medical newspapers and periodicals, and therefore questionable as a charge to the contract.

Negotiations for the current contract extension resulted in a substantial reduction of the Manila expenses chargeable to the contract. All Manila salary expenses (\$7,456/month) were eliminated and Manila operational expenses chargeable to the contract were reduced by about \$1,250 monthly. The overall reduction was partially offset by an increase in the fixed management fee from \$5,000/month to \$6,650/month. Therefore, the net reduction in OBI/Manila costs is about \$7,100 per month or \$85,200 annually.

In response to our draft report, the USAID Public Health Division advised that all medical textbooks and subscriptions are now being procured through PIO/C's. Since the OBI contract, as amended, still includes a cost item of ₱6,000 for subscriptions, the contract should be further amended to exclude this cost item.

Recommendation No. 10

The OSM Contracting Officer should amend the OBI contract to delete the cost item "subscriptions" from the contract.

USAID/FAOS Contract No. AID-439-423  
 Operation Brotherhood International  
 Schedule of Peso Operational Costs  
 7/1/63 - 9/30/67

Exhibit A

Cost Items	FY 1964	FY 1965	FY 1966	FY 1967	FY 1968	Totals	
						Pesos	Dollar Equivalent
Salaries and Allowances	₱ 1,650,007	₱ 2,400,446	₱ 2,444,850	₱ 2,487,281	₱ 620,903	₱ 9,604,147	\$ 2,462,602
International Travel	61,817	85,399	84,509	82,332	12,674	326,731	83,777
Local Transportation	4,227	5,152	4,154	4,284	820	18,637	4,779
Advertising (Help Wanted)	63	51	85	-	-	204	52
Rental of Real Estate	4,200	4,500	10,000	9,600	2,700	31,000	7,919
Communications	2,622	4,119	3,041	3,911	1,510	15,203	3,858
Subscriptions	2,299	2,227	2,392	2,004	65	8,987	2,304
Recruitment	2,453	3,110	10,544	5,471	420	21,998	5,641
Fuel and Oil	1,231	1,991	3,577	1,202	-	7,931	2,034
Utilities	749	1,116	2,646	2,494	664	7,669	1,966
Maintenance and Repairs	1,020	3,603	5,161	7,244	236	17,360	4,451
Office Supplies	5,785	2,259	8,405	4,125	1,318	27,922	7,159
Social Security Premiums	19,188	26,316	27,635	28,781	7,223	109,143	27,985
Taxes and Licences	302	174	130	652	172	1,430	367
Contingencies	391	5	-	-	-	396	102
Representation	-	420	-	-	-	420	108
Bonds, Insurance, and Bank Chgs.	26,475	18,867	37,444	121,894	22	205,062	52,580
Training Costs, Manila	27,098	28,079	2,025	22,158	3,826	83,186	21,330
Total Operational Costs	₱ 1,810,598	₱ 2,593,824	₱ 2,647,018	₱ 2,783,433	₱ 652,553	₱ 10,487,426	\$ 2,689,084
Fixed Fee Payments	234,000	263,250	585,000	497,250	58,500	1,638,000	420,000
Total Costs	₱ 2,044,598	₱ 2,857,074	₱ 3,232,018	₱ 3,280,683	₱ 711,053	₱ 12,125,426	\$ 3,109,084

<u>Description of Equipment</u>	<u>Date Furnished</u>	<u>Reference</u>	<u>Date Issued</u>	<u>Recorded Location</u>	<u>Qty.</u>	<u>Estimated Cost</u>
AC Generator, 110V, 60 cycles, 10KW, 1200 RPM	4/28/65	PIO 'C No. 40152	4/30/65	Saravane	1	\$ 1,900
Diesel Generator, 10KW, SN-222366	7/1/63	Inventory	7/1/63	Paksong	1	\$ 1,900
Diesel couple with A.C. Generator, 50KW (6.25 KVA)	8/15/63	PIO 'C No. 00175	8/16/63	Mte.-Vte.	1	\$ 5,500
Diesel couple with A.C. Generator, 120V 60 cycles, 1800 RPM	6/30/63	PIO 'C No. 00175	6/30/63	Mte.-Vte.	1	\$ 3,000
Diesel couple with A.C. Generator, 10KW, 110AC, 60 cycles	6/30/63	PIO 'C No. 00175	6/30/63	Paksong	1	\$ 1,900
Generrtor, Kohler, 2KVA, SN-208091	7/1/63	Inventory	7/1/63	Attopeu	1	\$ 625
Generator, Lelland, SW-9900, 2.5KVA	7/1/63	Inventory	7/1/63	Attopeu	1	\$ 675
Generator, Onan, SN-473336, 2.5KVA	7/1/63	Inventory	7/1/63	Paksong	1	\$ 675
Generator, Clinton, Model B2500-1143, SN-8573885	7/1/63	Inventory	7/1/63	Vte.-Mte.	1	\$ 675
Generator, Wisconsin, SN-245248, S.P. No. 83270, 2.5KVA	7/1/63	Inventory	7/1/63	Vte.-Mte.	1	\$ 675
Generator, Kohler, SN-222367, 12.5KVA	7/1/63	Inventory	7/1/63	Attopeu	1	\$ 2,000
Generating Plant, Electric, 10KW 12.5KVA	7/1/63	Inventory	7/1/63	Sayaboury	1	\$ 2,000
Electric Generator, Onan, SN-44174845, 7.5 KVA	7/1/63	Inventory	7/1/63	Sayaboury	1	\$ 675
Generator Westinghouse, SN-17-303544, 12KVA	7/1/63	Inventory	7/1/63	Paksong	1	\$ 2,000
Refrigerator, 110/130V, 50/60 cycles, 14 Cu.Ft.	11/16/66	PIO/C No. 30067	5/31/67	Vte.F-O-T	1	\$ 250
Refrigerator, "GE", 11Cu.Ft., 110/120V, 50/60 cycles	10/9/66	PIO/C No. 60217	10/13/66	Vte.F-O-T	1	\$ 100

USAID/AFSC Contract No. AID-439-423  
 Operation Brotherhood International  
 Schedule of Kip Operational Costs  
 7/1/63 - 9/30/67

Exhibit B

Cost Items	FY 1964	FY 1965	FY 1966	FY 1967	FY 1968	Total	
						Kip	Dollar Equivalent
Salaries, Wages & Allowances	K 28,266,626	K 44,977,578	K 74,960,394	K 72,382,857	K 18,546,076	K 239,133,531	\$ 1,074,024
Travel, International	-	616,750	1,003,605	309,125	-	1,929,480	8,039
Subsistence, Household, etc.	35,012,975	56,836,953	67,894,866	49,890,357	11,603,033	221,238,124	1,028,642
Transportation, Local	164,970	263,682	364,364	179,817	22,275	935,108	4,164
Art and Photographic Aids	322,687	941,340	634,492	56,800	3,800	2,019,119	9,596
Rental of Real Estate	1,043,000	2,194,000	2,348,900	3,784,000	30,000	9,399,900	41,417
Communications	111,703	347,147	266,582	210,369	60,686	1,016,487	4,451
Subscriptions	79,081	185,523	197,943	221,517	68,137	752,801	3,489
Fuel and Oil	45,604	3,764	1,880	3,810	-	54,538	260
Utilities	221,703	1,843,021	3,738,267	3,027,582	1,025,160	9,855,733	41,495
Repairs and Maintenance	4,688,778	9,278,856	16,568,698	4,518,920	530,864	29,686,116	138,070
Office Supplies	1,349,764	2,807,536	2,104,335	942,162	154,715	6,558,512	31,398
Medical Supplies	3,194,470	2,115,975	319,724	44,860	-	5,675,029	31,099
Hospital Equipment and Supplies	1,069,331	1,545,135	3,376,444	827,290	115,685	6,933,885	31,143
Uniforms, Linens and Laundry	1,890,370	2,845,976	4,446,426	3,039,000	324,700	12,579,566	59,718
Recreational Equipment	89,265	250,648	278,596	39,400	5,000	662,903	2,963
Livestock and Fowl	79,665	42,850	60,690	-	-	183,205	1,085
Feeds, Fertilizers, Seeds & Plants	324,163	445,257	433,857	102,140	-	1,345,417	7,047
Taxes and Licenses	21,300	42,570	15,800	30,390	20,650	130,710	722
Bonds, Insurance and Post Charges	7,750	300	826,626	1,800	600	831,076	3,523
Contingencies	800	170,726	975,027	398,465	-	1,544,958	6,445
Representation Allowances	51,180	300,130	205,491	27,980	14,760	679,541	2,925
Construction	-	444,326	3,916,031	9,055,332	1,901,473	20,317,165	84,654
<b>Total</b>	<b>K 78,935,265</b>	<b>K 127,937,143</b>	<b>K 193,900,909</b>	<b>K 149,093,913</b>	<b>K 34,427,614</b>	<b>K 573,462,904</b>	<b>\$ 2,616,369</b>
Less: Collection for Services						24,157,287	124,047
<b>Net Costs Reimbursable</b>						<b>K 549,305,617</b>	<b>\$ 2,492,322</b>

USAID TAGS Contract No. AID-439-422  
 Operation: Brothmead International  
 Schedule of Costs  
 9/1/64 - 9/30/67

Exhibit C

<u>Cost Items</u>	<u>Pesos</u>	<u>Dollar Equivalent</u>	<u>Kip</u>	<u>Dollar Equivalent</u>	<u>Total Dollar Equivalent</u>
Salaries, Wages and Allowances	P 7,537,304	\$ 1,932,642	K 204,475,623	\$ 851,982	\$ 2,784,624
Travel International	239,128	61,315	1,929,480	8,040	69,355
Subsistence Household Supplies and Equipment	-	-	178,431,824	743,466	743,466
Transportation Local	12,921	3,313	762,562	3,177	6,490
Art and Photographic Aids	-	-	1,546,617	6,444	6,444
Advertising (Help Wanted)	85	22	-	-	22
Rental and Real Estate	26,100	6,692	8,338,900	34,745	41,437
Communications	11,908	3,053	829,983	3,458	6,511
Recruitment	18,115	4,645	-	-	4,645
Subscriptions	6,630	1,700	649,047	2,704	4,404
Fuel and Oil	6,475	1,660	6,654	28	1,688
Utilities	6,692	1,716	9,390,766	39,128	40,844
Repairs and Maintenance	15,526	3,981	24,081,550	100,340	104,321
Stationary and Office Supplies	20,968	5,376	4,883,693	20,349	25,725
Medicine and Medical Supplies	-	-	2,377,637	9,907	9,907
Hospital Equipment and Supplies	-	-	5,520,634	23,003	23,003
Uniforms, Linens, and Laundry	-	-	10,267,571	42,781	42,781
Recreational Equipment and Supplies	-	-	560,898	2,337	2,337
Livestock and Fowl	-	-	102,040	425	425
Feeds, Fertilizers, Seeds, and Plants	-	-	906,650	3,778	3,778
Training Costs - Manila	80,354	20,604	-	-	20,604
Social Security Premiums	86,100	22,077	-	-	22,077
Taxes and Licenses	1,128	289	103,540	431	720
Bonds, Insurance, and Bank Chgs.	176,510	45,259	823,326	3,431	48,690
Contingencies	5	1	1,544,158	6,434	6,435
Representation Allowances	420	108	628,361	2,618	2,726
Construction of Buildings and Facilities	-	-	20,317,165	84,655	84,655
<u>Total Costs</u>	<u>P 8,246,369</u>	<u>\$ 2,114,453</u>	<u>K 478,478,679</u>	<u>\$ 1,993,661</u>	<u>\$ 4,108,114</u>
Fixed Fees	1,365,000	350,000	-	-	350,000
<u>Total Cost and Fixed Fees</u>	<u>P 9,611,369</u>	<u>\$ 2,464,453</u>	<u>K 478,478,679</u>	<u>\$ 1,993,661</u>	<u>\$ 4,458,114</u>

USAID/LAOS Contract No. AID-439-423  
Operation Protherhood International  
Schedule of Equipment Not Located  
As of September 30, 1967

Exhibit D  
Page 1 of 4

<u>Description of Equipment</u>	<u>Date Furnished</u>	<u>Reference</u>	<u>Date Issued</u>	<u>Recorded Location</u>	<u>Qty.</u>	<u>Estimated Cost</u>
Copying Machine, Thermofax "Secretary"	6/30/66	PIO/C No. 60220	7/3/66	Vte. Hq.	1	\$ 400
Duplicating Machine, "Gestetner"	10/15/66	PIO/C No. 60220	11/22/66	Vte. Hq.	1	\$ 400
Adding Machine, Electrically Operated	11/27/65	PIO/C No. 50444	11/30/65	Paksong	1	\$ 125
Adding Machine (105-125 range)	6/30/66	PIO/C No. 60220	-	-	1	\$ 125
Adding Machine, Manual Type - "Tetalia" Board	7/1/63	Inventory $\frac{1}{1}$	7/1/63	Lab-Room	1	\$ 125
Air Conditioner, 115V, 60 cycle	8/19/64	PIO/C No. 30067	8/20/64	Vte. F-O-T	1	\$ 150
Air Conditioner, 115V, 60 cycle	8/19/64	PIO/C No. 30067	10/8/64	Saynboury	1	\$ 150
Air Conditioner, 9 $\frac{1}{2}$ amp., Fast installing, two speed, 6000 BTU	2/1/66	PIO/C No. 60217	5/5/67	Mte.-Vte.	3	\$ 450
Air Conditioner, SN-0073876, SN-2133056	6/30/63	PIO/C No. 90167	4/7/67	Mte.-Vte.	2	\$ 300
Truck, Land Rover, M-109, AVT-290	6/29/60	PIO/C No. 90020	3/6/65	Vte. F-O-T	1	\$ 2,000
Chevrolet 1964 Model	12/15/65	PIO/C No. 50412	12/20/65	Vte. F-O-T	1	\$ 2,350
Outboard Motor, 7.5 H.P.	5/12/66	PIO/C No. 50377	9/6/66	Mte.-Vte.	2	\$ 400
Conveyor, 10 ft., straight section	3/4/64	PIO/C No. 30067	6/30/66	On Hand	2	\$ 40
Conveyor, 450 curved section	2/24/64	PIO/C No. 30067	6/30/66	On Hand	1	\$ 30
AC Generator, 110V, 60 cycles, 10 KW, 1200 RPM	4/28/65	PIO/C No. 40152	4/30/65	Attopeu	1	\$ 1,900

<u>Description of Equipment</u>	<u>Date Furnished</u>	<u>Reference</u>	<u>Date Issued</u>	<u>Recorded Location</u>	<u>Qty.</u>	<u>Estimated Cost</u>
Refrigerator, 13 Cu.Ft., Model 34K 7382	12/16/66	PIO/C NO. 60217	12/20/66	Vte.F-O-T	2	\$ 500
Refrigerator, Kerosene operated. Electrolux	9/1/66	PIO/C No. 60217	9/5/66	Vte. Hq.	1	\$ 250
Vertical Freezer. 3 freezing shelves	11/6/64	PIO/C No. 30067	11/16/64	Vte.F-O-T	3	\$ 600
Coldspot Chest Freezer, 22 Cu.Ft.	8/14/67	PIO/C No. 70248	8/31/67	Vte.F-O-T	2	\$ 400
Freezer, type 11, Chest 21 Cu.Ft., Model ECH, 221-O, SM.PR-58705, 115V	7/5/63	Inventory	7/1/63	Vte.F-O-T	1	\$ 200
Sprayer, Model 1, (4 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	3/22/65	Sayaboury	2	\$ 80
Sprayer	12/1/65	PIO/C No. 50416	2/23/66	Sayaboury	2	\$ 80
Sprayer, Model 1 (4 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	3/31/66	Paksong	5	\$ 200
Sprayer, "Hudson" Bugwiser, 4 $\frac{1}{2}$ gallon	12/1/65	PIO/C No. 50416	7/4/66	Paksong	3	\$ 120
Duster, Hard, "Hudson"	3/6/65	PIO/C No. 40297	3/31/65	Paksong	2	\$ 60
Duster, Hard, "Hudson"	3/6/65	PIO/C No. 40297	2/23/65	Sayaboury	13	\$ 30
Duster, Hard, "Hudson"	3/6/65	PIO/C No. 40297	4/7/66	Paksong	1	\$ 30
Sprayer, "Hudson" Bugwiser No. 220 (2 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	3/6/65	Vang Vieng	1	\$ 30
Sprayer, "Hudson" Bugwiser No. 220 (2 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	3/31/65	Paksong	5	\$ 150
Sprayer, "Hudson" Bugwiser No. 220 (2 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	4/1/65	Vte.F-O-T	1	\$ 30
Sprayer, "Hudson" Bugwiser No. 220 (2 $\frac{1}{2}$ gallon)	3/6/65	PIO/C No. 40297	8/17/65	Attopeu	1	\$ 30

<u>Description of Equipment</u>	<u>Date Furnished</u>	<u>Reference</u>	<u>Date Issued</u>	<u>Recorded Location</u>	<u>Qty.</u>	<u>Estimated Cost</u>
Sprayer	12/1/65	PIO/C No. 50416	12/18/65	Supply	1	\$ 30
Sprayer	12/1/65	PIO/C No. 50416	4/2/65	Paksong	1	\$ 30
Sprayer	12/1/65	PIO/C No. 50416	6/30/67	Loss per inv.	2	\$ 60
TOTALS					<u>73</u>	<u>\$36,405</u>

1/ Listed in Appendix E of original contract - identified as Government-furnished property.