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AUDIT REPORT
ON
MAHAWELI BASIN DEVELOPMENT I
PROJECT IN SRI LANKA
AUDIT REPORT NO. 5-383-85-1
OCTOBER 31, 1984

383-85-1

The contractors under this AID-financed host country contract have been reimbursed about \$64,000, or about 2 percent of the \$3.3 million of expenditures from project inception through June 30, 1983, for costs that are not allowable under the terms and conditions of the contract. The reasons for the billing of unreimbursable costs by the contractors were a combination of inadequate billing procedures at the field office and failure on the part of their headquarters offices to control expenditures to assure compliance with the contract provisions.

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**AUDIT REPORT
ON
MAHAWELI BASIN DEVELOPMENT I
PROJECT IN SRI LANKA**

EXECUTIVE SUMMARY

Introduction

In June 1980, AID agreed to lend the Democratic Socialist Republic of Sri Lanka up to \$10 million for the design of a canal and irrigation system, supervision of the construction and related activities in the Accelerated Mahaweli Program. This loan is financing phase I of a larger project which will provide an irrigation network serving 37,400 hectares of farmland in System B of the Accelerated Mahaweli Program. This project is part of a much larger multi-national effort including the construction of four dams and downstream irrigation works, the development of 117,000 hectares of irrigated lands, and the resettlement of about 765,000 homesteaders on the new lands.

The Government of Sri Lanka (GSL) used the AID loan to finance a contract with the Association of Louis Berger International, Inc., (LBII) and International Engineering Company, Inc., (IECO) for the design and construction supervision required to implement this project. As of March 31, 1983 the amended value of this contract was \$6.6 million and the project completion date was May 20, 1986. The GSL contribution to the project was to be \$2.3 million in rupees. Also, there were \$400,000 of loan funds earmarked for GSL efforts at mitigating the negative environmental impact of the project.

Purpose and Scope of Audit

The purpose of the audit was to determine the adequacy of documentation supporting expenditures under the AID loan to the GSL and by the contractors LBII and IECO through the host country contract. We concentrated our efforts on the \$3.3 million in dollar expenditures by the contractors and about \$300,000 of expenditures by AID from project inception through June 30, 1983. We also reviewed the internal controls adopted by the contractors to ensure the accountability of project funds and other assets. We reviewed financial and project files at the contractors' offices in Sri Lanka and the United States, at the USAID in Sri Lanka and at appropriate GSL offices and bureaus.

Host Country Contract Costs

Of the \$3.3 million in costs claimed by the contractors under the host country contract, about 2 percent, or \$64,000 of those reimbursed were not allowable under the terms and conditions of the

contract. A similar amount, about \$69,000 was suspended for settlement by negotiation because an accurate determination of the amount to be disallowed was not practical(p.3).

Salary Rates and Time Charges

Salary rates and time charges billed by the associated contractors frequently deviated from the actual rates paid and time charged by the contractors' employees. Our review identified more than \$37,000 of salary overcharges, including overhead and profit, reimbursed to the contractors. The questioned salaries relate mainly to time charges billed in excess of actual time worked (pp.4-6).

Travel and Transportation

Contract provisions related to travel and transportation were frequently ignored by the contractors. The contract had specific provisions related to class of service and routings and country flag carrier requirements for employee travel and transportation of freight. There were numerous billings and reimbursements for costs that did not comply with the contract provisions. The contractors were reimbursed for greater than economy class air travel for many of their employees. Reimbursements were made for indirect routes that added cost and for excess baggage that exceeded the amount allowed. Also, the flag air carrier requirements were routinely ignored both for the travel of employees and the shipment of materials. Accordingly, we have questioned more than \$11,000 and suspended about \$69,000 in reimbursed costs (pp.6-8).

DBA Insurance

The contractors have billed for and been reimbursed for Defense Base Act (DBA) insurance that is not reimbursable under the contract provisions. Until March 3, 1983 the contract required workmen's compensation insurance as prescribed by the act for expatriate personnel who were hired in the United States or who were U.S. citizens or bonafide residents of the United States. Costs totaling about \$14,700 were billed by the contractors for eleven employees who were not U.S. citizens or residents and were not hired in the United States (p.8).

Procurement and Use of Equipment

The procurement of equipment for the project was accomplished satisfactorily and it was generally used for its intended purposes with a few exceptions; however, contractor employees had not been preparing receiving reports for the equipment on arrival and no physical inventory of project assets had been conducted since

project inception. Equipment valued at about \$65,000 was purchased for the project but never utilized. It had been stored in the subcontractor's warehouse (3 boxes) and in the warehouse yard (4 boxes) from about July 1981 until we discovered it in October 1983. Other equipment valued at about \$27,000 was purchased with project funds but had been turned over to the University of Sri Lanka without the USAID's knowledge (pp.10-12).

Environmental Funds

Of the \$400,000 set aside to mitigate the negative environmental impacts of this project, about \$297,000 had been spent as of June 30, 1983. All expenditures were adequately supported except one for \$8,721. The only information on file at the USAID for this expenditure was the name of the payee, and officials of the mission and the GSL could not identify its purpose (pp.13-14).

Conclusions, Recommendations and Management Comments

The report details the results of our review of host country contract costs reimbursed to the contractors and direct reimbursements from the environmental fund by the USAID. The exhibits to this report show the extent that expenditures were adequately supported and accepted or the reasons for questioning all or portions of them. The report also identifies weaknesses in the contractors' billing procedures and in their internal controls necessary to assure the accountability of AID-provided funds. In addition, actions needed to resolve issues related to the non-use or disposition of equipment purchased for the project are described. To this end, we made recommendations to the USAID Director as appropriate.

In response to our draft report, the USAID commented that it was basically in agreement with our findings, and that it was working with the GSL and the contractors to assure prompt closure of all recommendations.

BACKGROUND

On June 26, 1980, AID agreed to lend the Democratic Socialist Republic of Sri Lanka up to \$10 million for the design of a canal, drainage, and irrigation network in System B (Maduru Oya) of the Accelerated Mahaweli Program; supervision of the canal construction; technical assistance for design and supervision and other related activities. The loan (No.383-T-024) is financing the design and construction supervision, or phase I, of a much larger project which includes the construction, phase II, of the project known as the Mahaweli Basin Development. The purpose of this project is to provide an irrigation network serving 37,400 hectares of farmland in System B of the Accelerated Mahaweli Program while mitigating the project's negative environmental effects. This project is part of a much larger multinational effort which includes the construction of four dams and downstream irrigation works, the development of 117,000 hectares of irrigated lands and the resettlement of about 765,000 homesteaders on the new lands.

The Government of Sri Lanka (GSL) used the AID loan to finance a contract with the association of Louis Berger International, Inc., (LBII), East Orange, New Jersey, and International Engineering Company, Inc., (IECO), San Francisco, California for the design and construction supervision required to implement this project. The contract, signed and effective on November 14, 1980, provided \$5.2 million for this effort, including a fixed fee of \$415,000 and a lump sum fixed price of \$20,000 for purchasing and processing for shipment and delivery of the equipment and vehicles provided under the terms of the contract. As amended on March 31, 1983, the contract value was increased to \$6.6 million and the completion date was extended to May 30, 1986.

The association was required by the terms of the contract to subcontract for local services with Resources Development Consultants of Sri Lanka. The GSL initially agreed to provide at least the equivalent of \$4.2 million in resources for the project, including 32 million rupees to support the local firm and provide administrative and transportation support to the association contractors. The latter amount was amended to 46.8 million rupees (about \$2.3 million) on March 31, 1983.

In addition to the work of the association contractors, the loan agreement earmarked \$400,000 for mitigating negative environmental impacts related to the project. It was anticipated that the construction activity and change in land use resulting therefrom

would have an adverse impact on the area's wildlife. Therefore, it was expected that the Department of Wildlife Conservation in cooperation with the Mahaweli Authority would utilize these funds for activities necessary to deal with the negative impact. In response, the Department provided an implementation and financial plan to accomplish this purpose in December 1980.

Purpose And Scope Of Audit

The purpose of this audit was to determine the adequacy of documentation supporting expenditures under the AID loan agreement with the GSL. At the time of our review, the design of the project had been completed and accepted by the GSL and USAID, and construction was underway. We, therefore, concentrated our efforts on reviewing supporting documentation for about \$3.3 million in dollar expenditures by the contractors under the host country contract and about \$300,000 of additional expenditures by AID from project inception through June 30, 1983. We also reviewed the internal controls adopted by the contractors to ensure the accountability of project funds and other assets.

In performing the audit, we reviewed financial and project files at the contractors' offices in Sri Lanka; at LBII and IECO headquarters in East Orange, New Jersey and San Francisco, California, respectively; at the USAID in Sri Lanka and at appropriate GSL offices and bureaus. The audit was conducted in accordance with generally accepted auditing standards including such tests of records and procedures as was considered necessary in the circumstances.

AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Host Country Contract Costs

The results of our review of costs claimed by the association contractors under the host country contract through June 30, 1983 reveal that about 2 percent of the costs reimbursed were not allowable under the terms and conditions of the contract.

Costs fully allowable	\$3,147,867
Costs not allowable and questioned	63,947
Costs suspended for determination	<u>69,400</u>
	\$3,281,214

The costs identified as suspended for determination are items where at least an undetermined part of the reimbursement was not allowable under the contract terms. The unallowable portion of this total will be the subject of negotiation between the association contractors and the GSL because an accurate determination of the amount to be disallowed is not practical.

A summary of costs allowable, questioned and suspended is included as Exhibit A and is segregated by contractor in Exhibit A.1. Details of the results of our evaluation of reimbursed costs are provided in Exhibits B through R.

Recommendation No. 1

The Director, USAID/Sri Lanka should review and assist the GSL in resolving the costs questioned and suspended which are detailed in the exhibits to this report and summarized in Exhibits A and A.1.

In response to this recommendation which was included in our draft report, the USAID commented that its controller and project office officials planned to meet in the near future with representatives of the GSL and contractors to discuss settlement/collection procedures.

Accounting Procedures and Internal Controls

The reasons for the billing of unreimbursable costs by the associated contractors were a combination of inadequate billing procedures at the field office in Sri Lanka and failure on the part of their headquarters offices to control expenditures to assure compliance with the terms and conditions of the contract.

At the field office, the contractor representative would prepare the billings for submission to the GSL from a combination of inputs from LBII and IECO headquarters and from documentation available to him at the site. The site data included time sheets made out by the field personnel, documents brought by employees to Sri Lanka, documentation accompanying shipments to Sri Lanka, and self-generated expenditures, particularly for international travel from the site.

Since only dollar expenditures were to be reimbursed from AID-provided funding under this contract, the principal documentation in support of the billings was being sent monthly by LBII and IECO headquarters for incorporation into the billings. These shipments generally included data on employee salary rates, headquarters time charges, purchasing documentation, and support for international travel and transportation.

Most of the billing and control problems identified involved lack of support for salary rates and time charges billed and non-compliance with contract requirements for international travel and transportation.

Salary Rates and Time Charges

Salary rates and time charges billed by the associated contractors frequently deviated from the actual rates paid to and time charged by the contractors' employees. Salary rates were provided to the field office for billing purposes by the contractors. LBII provided erroneously high rates for seven of its employees during the period under review. While two of these were insignificant, the contractor did refund more than \$21,400 on invoices 11 and 19 as a result of an earlier review by the AID Inspector General of contractor billing practices under this contract. This review identified successive billings for which four employees' salaries were being consistently overbilled. Adding the \$21,400 previously reimbursed to the \$37,547 of salaries plus overhead and profit questioned in this report results in a total overbilling related to salaries through June 30, 1983 of about \$59,000.

The questioned salaries in this report related mainly to time charges billed in excess of actual time worked. Contractor employees at both field and headquarters locations filled out periodic time sheets which identified their work by project or by type of leave

taken. According to Appendix C.I.A.5 of the contract, the contractor was to include only actual hours worked in his billings for salaries as all charges for leave and holidays were to be included in the contractor's overhead rate. We found numerous instances where holidays, leave without pay, sick leave and annual leave had been billed by the contractor as days worked on the project. The contractor also billed employee leave travel as days worked on the project; this is specifically precluded by Appendix C.I.E.2(f)(3) of the contract. In addition, there were two cases of billings for employees who did not work on the project at all. Details by contractor are provided in Exhibits C and D.

The contract was not specific about how the contractor should bill for direct hours worked. The contractor initially utilized the total days in the month and subtracted partial months on a day for day basis. Under this method reductions for days not worked by full time staff have less effect (i.e., a smaller reduction to the billable salary amount) than if the employee's salary were divided by the actual number of workdays in the month. On the other hand, charges for days worked by part-time employees are worth less to the contractor under the total month method than they are under the workday method. For example;

<u>Situation</u>	<u>Total Days Method</u>		<u>Workday Method</u>	
	<u>Fraction</u>	<u>Amount</u>	<u>Fraction</u>	<u>Amount</u>
-- Full-time employee works 15 of 20 workdays in a 30 day month at a salary rate of \$3,000/month.	25/30	\$2,500	15/20	\$2,250
-- Part-time employee works 2 of 20 workdays in a 30 day month at a salary rate of \$3,000/month.	2/30	\$ 200	2/20	\$ 300

Article VI.D of the contract states that an average work month shall be defined as 21 days. By invoice number 9, the parties to the contract had agreed that actual workdays in the month would be the basis for all billings, and all subsequent billings and reimbursements were computed on that basis. While not specific on this point, we believe the identification of a 21-day work month in the contract implied that actual work days would be the approved basis for billing salaries payable. Therefore, we recalculated the earlier billings to conform with the actual work day basis.

The contract provided for annual salary increases for contractor personnel, but the payment of these increases was unjustifiably delayed by the GSL. Appendix C.I.A.2 of the contract states that the approved salary scales for expatriate employees can be increased yearly in July, commencing in 1981, not to exceed the immediately preceding federal civilian general schedule percentage increase authorized by the U.S. government for its employees. The clause also provided for salary increases for local employees with the approval of the GSL, but no specific approval was required for expatriate employee increases. Regardless, the GSL did not authorize reimbursement to the contractor until June 1982 for salary increases the contractors were incurring and paying from July 1981. The delayed payment amounted to about \$25,000.

Travel and Transportation

The contract provided specific criteria for the types of travel and transportation charges that would be reimbursed. This criteria included class of service, routings and types of carriers authorized as follows:

- The contractor will not be reimbursed for greater than economy class air service by the most direct route unless the contractor certifies on the voucher or other documents retained as part of the contract records that economy air travel space was not available. (Contract Appendix C.I.E.2(a)).
- When travel is by economy class, the contractor will be reimbursed for up to 22 pounds (10 kilos) of accompanied baggage per traveller in addition to that allowed with the economy ticket. (Contract Appendix C.I.E.2(a)).
- All international air travel and transportation must be on U.S. flag carrier or Air Lanka, if available, or on flag carriers of AID geographic code 941 countries only when U.S. or Sri Lankan flag air carriers are not available. (Article IX.F and Appendix C.I.E.3(a) of the contract).

The latter provision was modified by contract amendment two on March 31, 1983 to require the use of U.S., Sri Lankan, or 941 country air carriers, identified as preferred air carriers, to the extent available, and, if not available, to allow the use of 935 country air carriers. The contractor was required to certify on the voucher and in the form provided by the amendment that preferred country carriers were not available in order to be reimbursed for

the use of 935 country carriers. The amendment was made applicable retroactively to travel and transportation that was procured after April 3, 1981. This liberalized requirement allowed the contractors to use many European air carriers whose services had not previously been eligible for reimbursement under this contract.

During our review, we found numerous instances of violations of these provisions. Accordingly, we have questioned more than \$11,000 and suspended about \$69,000 in reimbursed costs. All of the questioned costs and some of the suspended costs should be refunded by the contractors. The contractors were reimbursed for greater than economy class air travel for many of their employees. Reimbursements were made for indirect routes that added cost and for excess baggage exceeding the amount allowed. The flag air carrier requirements were routinely ignored for both the travel of personnel and the shipment of materials. We did not find even one certification on a contractor's invoice or on file in the contractors' records at Colombo or at the headquarters offices that preferred country air carriers were not available or that economy class travel was not available as required for reimbursement by the contract provisions.

The only excuses offered by the contractors were that (1) travel is difficult to control since individuals are allowed to purchase their own air tickets and (2) freight forwarders frequently utilize foreign flag air carriers without the knowledge of the contractors. While the latter situation may be true, the freight forwarders are acting as the agents of the contractors and must comply with their instructions. We requested but were not provided with any evidence that the contractors had instructed the freight forwarders to comply with the provisions of this contract regarding the use of specific carriers or groups of air carriers. The explanation that the contractors were unable to control their employees' actions is not defensible.

Other travel related situations identified by our review included:

- duplicate billings for the same charges,
- employee unaccompanied baggage exceeding contractual weight limits shipped and reimbursed as allowable freight,
- reimbursement of extra airline sectors beyond Colombo on one way travel to Sri Lanka,
- travel by headquarters executives to more than one project without the sharing of costs between projects, and

unused miscellaneous charge orders refunded by the airlines to the contractors but not credited by the contractors to the project.

Details are provided in Exhibits M and P for LBII and Exhibits N and Q for IECO.

DBA Insurance

The contractors have billed for and been reimbursed for Defense Base Act (DBA) insurance that is not reimbursable under the contract provisions. Article VI.H of the contract requires the contractors to provide workmen's compensation insurance as prescribed by the Act for expatriate personnel who are hired in the United States or who are U.S. citizens or bonafide residents of the United States. On March 3, 1983 this requirement was modified by amendment 1 to the contract to allow the contractors to provide workmen's compensation insurance equivalent to that required by the state of residence of the employee or the state in which the employee was hired in lieu of DBA insurance.

Consistent with this change, the contractors discontinued billing for DBA insurance beginning with the March 1983 invoice. However, on previous invoices the contractors had billed for eleven employees who were not eligible for the DBA insurance. All were citizens of foreign countries including France, Norway, Egypt, the United Kingdom and the Philippines. No evidence was available at Colombo or at the contractors' headquarters to suggest that any were U.S. residents or that any had been hired in the United States. Costs billed and reimbursed to the contractors totaling about \$14,700 were questioned as a result of our review to determine compliance with this provision of the contract. Details by contractor are provided in Exhibits J and K.

Overhead

The contractors have been reimbursed for overhead expenses at a single rate for each from inception through June 30, 1983. The rate for each is higher than that provisionally set in the contract. Article VII.C of the contract set an initial provisional rate for both contractors at 110 percent of direct labor base salaries and wages. A negotiated rate was to be determined for the initial period and each subsequent fiscal year with a ceiling of 130 percent for any negotiated rate. The contractors were to submit proposals after the close of each fiscal year to serve as the bases of the final negotiated annual rates, which would also serve as the

provisional rates for the following year. The contractors made their proposals and mutually agreed with the GSL on September 20, 1982 to final overhead rates for fiscal years 1980 and 1981 of 116.2 percent for LBII and 121 percent for IECO. These rates have also served as the provisional overhead rates through June 30, 1983.

The contract provides that the negotiation of final overhead rates will follow the receipt of the proposed rates from the contractors and the performance of audits by any of the parties or their representatives with respect to the proposed rates. The Defense Contract Audit Agency (DCAA) is the cognizant U.S. government audit agency responsible for performing overhead audits at both contractors. Except for the LBII fiscal year 1980 rate, the rates negotiated in September 1981 were not based on audit. At the time of the negotiations, the most recent overhead audits available from DCAA covered fiscal years 1980 and 1979, respectively, for LBII and IECO. It is usually not advisable to negotiate final overhead rates based on unaudited proposals. Although it was not surprising that the contractors attempted to pressure the GSL into approving higher rates than set in the contract, it would probably have been better to have approved higher provisional rates at that time and wait for the overhead audits before negotiating the final overhead rates.

Conclusions and Recommendations

The contractors' field accounting procedures were not adequate for properly identifying billable costs which are allowable for reimbursement under the terms and conditions of this contract. Also, the internal controls in place at the contractors' headquarters were not sufficient to assure that actions taken by its employees and agents regarding the procurement of travel and transportation services complied with the requirements of the contract. As a result, we believe that changes to these procedures and controls are warranted and that the new procedures adopted should be reviewed and approved by both the GSL and the USAID. We also believe that the billings and reimbursements covering the period subsequent to our review and prior to the adoption of the new procedures and controls should be re-examined to identify additional unallowable costs relating to salaries, travel and transportation which should be refunded by the contractors. To accomplish this, some additional documentation would have to be provided by the contractors' headquarters offices.

Recommendation No. 2

The Director, USAID/Sri Lanka should assure (1) that actions are taken by the GSL to secure the revision of contractor accounting procedures and internal controls to provide better accountability over the AID-provided funds and (2) that the billings reimbursed after invoice 33 are reviewed for compliance with the contract provisions relating to salaries, travel and transportation.

The USAID agreed in its response to our draft report recommendation to provide assistance to the GSL for review of the contractors accounting procedures and internal controls and for formulation of procedures to remedy the situation described. It did not, however, commit itself to the actions described in the second part of this recommendation. We still believe that the billings reimbursed subsequent to our review and prior to the revision of the contractors accounting procedures and internal controls should be examined in light of the findings presented in this report to assure that unallowable charges were not reimbursed.

Procurement and Use of Equipment

The procurement of equipment for the project was accomplished satisfactorily, and it was generally used for its intended purposes with only a few exceptions which are discussed below. Article II.B.8 and Appendix B.2.A(viii) of the contract made the contractors responsible for the procurement of project goods and equipment in support of the services being provided. A listing of the items to be procured was included in the contract as Annex 3 to Appendix C. The contractor was compensated \$20,000 for his services in procuring, inspecting and shipping the major items of equipment listed in Annex 3. The contractor was also provided three advance payments totaling \$280,837 to finance these procurements. These advances were accounted for on the contractor's regular monthly invoices numbered 10 and 13. While the procurement of these items went relatively smoothly, there were some problems associated with its use and in some cases its disposition and with the recordkeeping for it.

Equipment Use

Two trailer-mounted power augers and related equipment were purchased by the contractor in February 1981. Total cost was \$65,435 for this equipment which was to be used to make core samples of the canal path to provide information on the extent

of the excavation work needed. At least 5 of the 7 boxes containing the drills, trailers and related equipment arrived at the subcontractor's warehouse in June and July 1981. There were no records available on the other two boxes. All seven were still there and apparently had never been opened at the time we inspected them in October 1983. Four of the boxes were sitting outside the warehouse and had obviously been subject to the elements for a very long time. The other three boxes were inside the warehouse. The only explanation provided by the warehouse personnel for the four boxes being outside the warehouse was that two of the boxes were quite large.

Regardless, the equipment should not have been left exposed to the weather while being stored nor should it have been purchased if it was not going to be used. The project officer advised us that the equipment was never used because of a dispute between the contractors and the GSL; each believed the other was responsible for performing the work for which the equipment was purchased. The parties to the dispute confirmed the validity of this explanation. We inquired of the project officer as to the future disposition of this equipment. He stated that while this was very specialized equipment, he believed the GSL could make use of it on this or other projects.

Considering the value of the equipment, the USAID needs to make a determination of whether to recover the funding provided the GSL for the procurement of the equipment or identify a need for the equipment within the GSL and arrange its delivery to that agency.

Recommendation No. 3

The Director, USAID/Sri Lanka should either (1) recover the funds provided to the GSL for the procurement of the unused equipment, or, (2) identify an organization within the GSL which can make use of it and take the actions necessary to expedite its transfer to that agency.

In response to our draft report, the USAID advised us that the GSL had identified a need for this equipment and that an inventory adjustment and transfer of ownership was being scheduled. We have retained the recommendation in our report pending the completion of the planned actions.

On another equipment usage matter, we noted that a vehicle purchased with project funds for the contractors use had been turned over to the subcontractor in Colombo for its exclusive use. At the same time project personnel were complaining that they did not have enough vehicles to support their efforts at

the project site. While the contract did not specifically preclude the contractor from providing vehicular support to the subcontractor, it did imply that the local contractor would be primarily supported by GSL funding. Also, as a matter of good resource allocation it seemed that supporting the contractors' site activities should have had priority over other uses for this vehicle. USAID officials agreed and stated at the time of our review that they would insist that the jeep be returned to the contractors' personnel at the project site. In commenting on our draft report, the USAID advised that the jeep was now being used by the contractors at the project site.

Disposition of Equipment

Equipment valued at \$27,218 was purchased with project funds but had been turned over to the University of Sri Lanka without the USAID's knowledge. This equipment included water and pesticide analysis apparatus that the university was using to train its students. We inquired at the project site whether this equipment had first been used by project personnel and then turned over to the university, but the project personnel there at the time were not aware of its ever having been at the site. The USAID project officer advised us that this occurred as a result of an agreement between the contractors, the university and the GSL which the USAID was not a party to. In fact, the USAID found out about it when the GSL requested that additional equipment be purchased for the university. This request was turned down by the USAID but nothing was done about the equipment previously turned over as it was considered a "fait de complis". In our draft report, we concluded that if this equipment was not used to support the project, the funding provided for its procurement should be returned to the USAID.

In responding to our draft report, the USAID stated that the Mahaweli Authority had advised it that the equipment was now in the possession of the Mahaweli Economic Agency. The USAID further advised that it was awaiting confirmation from the project director as to the location of the equipment and its usage. Pending a determination by the USAID on whether this equipment was properly utilized in support of the project, we have retained our draft recommendation in this report.

Recommendation No. 4

The Director, USAID/Sri Lanka should make a determination as to whether the funding provided for the procurement of the water and pesticide analysis equipment was properly utilized in support of project activities. If not, the USAID should seek recovery of the \$27,218 provided.

Equipment Documentation

While the documentation in support of equipment purchases was generally adequate, contractor personnel had not prepared receiving reports for the items on arrival and no equipment inventory had been performed during the life of the project. While the contractor may not be receiving any significant additional amounts of equipment, the project equipment should be inventoried and that inventory reconciled to a listing of the equipment purchased for the project to date.

Recommendation No. 5

The Director, USAID/Sri Lanka should assure that a complete inventory of all equipment purchased for this project is conducted by the contractor and that the results of the inventory be reconciled to the total equipment purchased.

The USAID informed us in its comments on our draft report that it had advised the contractors to inventory and reconcile all equipment purchased under the contract. Completion of this action will satisfy this recommendation.

Environmental Funds

Of the \$400,000 set aside in the loan agreement to mitigate the negative environmental impact of the project, \$296,824 had been expended as of June 30, 1983. This funding has financed training for numerous participants in animal management and park administration and provided vehicles and communication equipment for the GSL's Department of Wildlife Conservation.

The equipment provided included 40 base station transceivers and related equipment, 20 personal communication units called manpacks, and 6 vehicles. In addition, 2 vehicles have been ordered with these funds for use by the project associated contractors. We noted no discrepancies in our very limited observations of this equipment as compared to detailed Department of Wildlife Conservation records of issuances to stations throughout the country.

The USAID funded these expenditures directly from six disbursement authorizations totaling \$319,182. As detailed in Exhibit S to this report, all of the payments applied to these authorizations were properly documented except one. A payment identified as made to World Wildlife on October 21, 1982 for \$8,721 was not supported by documentation and neither the USAID project officer nor officials of the Department of Wildlife Conservation could identify it. The Director of the Department stated that the

possibility of the USAID depositing funds with the World Wildlife organization for the Department's use had been discussed with USAID officials, but to his knowledge nothing had come of these discussions. By the conclusion of our review, this matter had not been resolved.

In responding to our draft report, the USAID stated that the voucher in question had been prepared and disbursed by AID/Washington and that no documentation regarding it was available at the mission. Further, the USAID had requested that AID/Washington supply details of the charge and would continue to follow-up on that request. Under these circumstances, we have retained the draft recommendation in this report.

Recommendation No. 6

The Director, USAID/Sri Lanka should determine whether the funds in question have been properly paid to World Wildlife, and either properly document said payment, recover the funds if not properly paid for a valid obligation, or take other appropriate actions as necessary.

MAHAWELI BASIN DEVELOPMENT I
PROJECT No. 383-0056

Summary of Costs Reimbursed, Allowable, Questioned
and Suspended from Inception through June 30, 1983

<u>Description</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Suspended</u>	<u>Exhibits</u>
1. Salaries, including cost escalation	\$1,085,172.40	\$1,070,520.08	\$ 14,652.32	\$ -0-	B
2. Overhead	1,288,645.22	1,266,933.16	21,712.06	-0-	E
3. Consultants on request	16,116.74	16,116.74	-0-	-0-	
4. Defence Base Act Insurance	71,420.90	56,693.99	14,726.91	-0-	I
5. Fixed Fee	234,432.37	233,244.65	1,187.72	-0-	F
6. International Travel	133,498.13	74,318.62	6,572.06	52,607.45	L
7. Other Direct Costs	151,091.78	130,260.30	4,566.61	16,264.87	O
8. Equipment Advances	280,836.83	279,779.71	529.08	528.04	R
9. Lump Sum Purchasing Fee	20,000.00	20,000.00	-0-	-0-	
Totals:	\$3,281,214.37 *****	\$3,147,867.25 *****	\$ 63,946.76 *****	\$ 69,400.16 *****	

EXHIBIT A.1

MARAMELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Details of Costs Reimbursed, Allowable, Questioned and
Suspended for LBII and IBOD from Inception through June 30, 1983

<u>Description</u>	<u>LBII</u>				<u>IBOD</u>				<u>Exhibits</u>
	<u>Reimbursed</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Suspended</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Suspended</u>	
Salaries, including cost escalation	\$ 600,738.75	\$ 591,586.66	\$ 9,152.09	\$ -0-	\$ 484,433.65	\$ 478,933.42	\$ 5,500.23	\$ -0-	C, D
Overhead	703,869.77	687,423.70	16,446.07	-0-	534,775.45	579,509.46	5,265.99	-0-	E
Consultants on request	16,116.74	16,116.74	-0-	-0-					
Defense Base Act Insurance	45,735.80	38,577.40	7,178.40	-0-	25,665.10	18,116.59	7,548.51	-0-	I
Fixed Fee	131,098.14	129,968.12	1,130.02	-0-	103,334.23	103,276.53	57.70	-0-	G, H
International Travel	72,715.43	38,577.40	593.27	33,442.45	60,782.70	35,636.91	5,978.79	19,165.00	M, N
Other Direct Costs	42,674.89	34,981.94	3,940.31	3,752.64	108,416.89	95,278.36	625.30	12,512.23	P, Q
Equipment Advances					280,836.83	279,779.71	529.08	528.04	R
Lump Sum Purchasing Fee					20,000.00	20,000.00	-0-	-0-	
TOTALS:	<u>51,612,969.52</u>	<u>\$1,537,330.27</u>	<u>\$ 38,440.16</u>	<u>\$ 37,195.09</u>	<u>\$1,668,244.85</u>	<u>\$1,610,532.98</u>	<u>\$ 25,566.60</u>	<u>\$ 32,205.27</u>	

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0058

Salaries Reimbursed, Allowable and Overpaid
from Inception through June 30, 1983

<u>Invoice Number</u>	<u>Amount (Note 1)</u>		<u>Over(Under) Paid (Note 2)</u>		
	<u>Reimbursed</u>	<u>Allowable</u>	<u>LBI</u>	<u>IECO</u>	<u>TOTAL</u>
1	\$ 85,212.24	\$ 84,454.97	\$ (.42)	\$ 757.69	\$ 757.27
2	34,353.84	34,593.83	(117.55)	(122.44)	(239.99)
3	34,791.83	33,601.77	746.54	443.52	1,190.06
4	28,356.88	23,625.64	4,225.86	505.38	4,731.24
5	24,725.85	22,766.89	1,664.04	294.92	1,958.96
6	24,205.51	23,405.06	739.45	61.00	800.45
7	29,757.05	28,397.33	1,781.97	(422.25)	1,359.72
8	29,034.74	26,724.67	2,768.76	(458.69)	2,310.07
9	28,945.12	27,884.45	1,060.67	- 0 -	1,060.67
10	28,582.93	28,976.32	(461.85)	68.46	(393.39)
11	36,399.82	40,265.72	(4,088.27)	222.37	(3,865.90)
12	28,216.66	28,946.63	(195.96)	(534.01)	(729.97)
13	33,541.25	34,538.57	(775.57)	(221.75)	(997.32)
14	32,013.94	33,007.80	(750.04)	(243.82)	(993.86)
15	30,261.55	30,817.56	(453.62)	(102.39)	(556.01)
16	31,532.07	32,548.66	(799.92)	(216.67)	(1,016.59)
17	33,691.44	33,714.67	(216.23)	193.00	(23.23)
18	39,236.56	36,427.03	363.27	2,446.26	2,809.53
18A	10,231.79	- 0 -	8,476.97	1,754.82	10,231.79
19	23,790.71	29,815.29	(6,024.58)	- 0 -	(6,024.58)
20	25,690.91	25,430.63	.95	259.33	260.28
21	29,759.48	29,636.00	1.01	122.47	123.48
22	39,053.28	38,996.12	- 0 -	57.16	57.16
23	44,403.07	44,331.48	- 0 -	71.59	71.59
24	45,483.44	45,483.44	- 0 -	- 0 -	- 0 -
25	42,793.98	42,793.98	- 0 -	- 0 -	- 0 -
26	40,970.28	40,914.19	56.09	- 0 -	56.09
27	28,749.54	27,929.98	369.56	450.00	819.56
28	23,874.62	23,640.49	234.13	- 0 -	234.13
29	22,942.65	22,942.65	- 0 -	- 0 -	- 0 -
30	23,615.83	23,615.83	- 0 -	- 0 -	- 0 -
31	22,505.56	21,994.45	396.83	114.28	511.11
32	24,635.36	24,635.36	- 0 -	- 0 -	- 0 -
33	23,812.62	23,662.62	150.00	- 0 -	150.00
Totals:	\$1,085,172.40	\$1,070,520.08	\$9,152.09	\$5,500.23	\$14,652.32

Explanatory Notes:

1. The amounts in these columns are the sum of the amounts scheduled in Exhibits C (LBII) and D (IECO) for salaries reimbursed and allowable.
2. Salary adjustments necessary to arrive at the amounts over or under paid for each invoice are detailed in Exhibit C for LBII and Exhibit D for IECO.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. J83-0056

Detail of Salary Adjustments for LBII from
Inception through June 30, 1983

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Over (under) paid</u>	<u>Notes</u>
1	\$ 49,474.55	\$ 49,474.97	\$ (.42)	1
2	18,114.78	18,232.33	(117.55)	2
3	22,054.13	21,307.59	746.54	3
4	20,410.59	16,184.73	4,225.86	4
5	18,509.43	16,845.39	1,664.04	5
6	20,699.06	19,959.61	739.45	6
7	20,471.34	18,689.37	1,781.97	7
8	20,522.96	17,754.20	2,768.76	8
9	17,622.85	16,562.18	1,060.67	9
10	16,313.16	16,775.01	(461.85)	10
11	17,539.13	21,627.40	(4,088.27)	11
12	16,448.92	16,644.88	(195.96)	12
13	15,017.42	15,792.99	(775.57)	13
14	12,619.00	13,369.04	(750.04)	14
15	12,944.57	13,398.19	(453.62)	15
16	14,593.13	15,393.05	(799.92)	16
17	17,527.74	17,743.97	(216.23)	17
18	19,964.37	19,601.10	363.27	18
18A	8,476.97	-0-	8,476.97	19
19	9,707.05	15,731.63	(6,024.58)	20
20	15,909.68	15,908.73	.95	21
21	18,220.33	18,219.32	1.01	22
22	19,625.00	19,625.00	-0-	
23	20,363.65	20,363.65	-0-	
24	23,227.26	23,227.26	-0-	
25	23,460.32	23,460.32	-0-	
26	26,928.69	26,872.60	56.09	23
27	13,119.57	12,750.01	369.56	24
28	12,027.25	11,793.12	234.13	25
29	11,387.08	11,387.08	-0-	
30	12,084.06	12,084.06	-0-	
31	11,257.94	10,861.11	396.83	26
32	12,671.77	12,671.77	-0-	
33	11,425.00	11,275.00	150.00	27
Totals:	\$600,738.75	\$591,586.66	\$ 9,152.09	
	*****	*****	*****	

Explanatory Notes:

1. Salaries were recomputed on a workday basis. O'Brien's salary was billed at a rate of \$4,912 per month, but he was paid at a rate of \$4,833.33. Tordjman's salary was billed at a rate of \$3,600 per month, but he was paid in french francs at the equivalent of \$3,798 during this period. Voorhees' salary was billed at a rate of \$2,500 per month, but he was paid at a rate of \$2,666.67. The corrected payment voucher would look like this:

Abouel-Ella	- 3 full months @ \$2,000/mo.	= \$ 6,000.00
O'Brien	- 3 1/23 months @ \$4,833.33/mo.	= 14,710.13
Jones	- 3 4/23 months @ \$4,166.67/mo.	= 13,224.64
Tordjman	- 1 11/22 months @ \$3,798/mo.	= 5,697.00
Poling	- 1 21/22 months @ \$1,958.33/mo.	= 3,827.65
Voorhees	- 1 7/22 months @ \$2,666.67/mo.	= 3,515.55
Jewkes	- 1/2 month @ \$5,000/mo.	= <u>2,500.00</u>
	Salaries allowable	<u>\$49,474.97</u> *****

2. Salaries were recomputed on a workday basis. O'Brien's salary was billed at \$4,912 but he was paid \$4,833.33. Tordjman's salary was billed at \$3,600, but he was paid the equivalent of \$3,674 in french francs. Voorhees' salary was billed at \$2,500 but he was paid \$2,666.67. The corrected payment voucher for November 1980 would look like this:

O'Brien	- Full month @ \$4,833.33/mo.	= \$ 4,833.33
Tordjman	- Full month @ \$3,674.00/mo.	= 3,674.00
Voorhees	- Full month @ \$2,666.67/mo.	= 2,666.67
Syed	- 7/20 months @ \$2,666.67/mo.	= 933.33
Jones and Poling	- Paid correctly.	= <u>6,125.00</u>
	Salaries allowable	<u>\$18,232.33</u> *****

3. Salaries were recomputed on a workday basis. The billing for Shea covered the period from contract inception through October 1980; time sheets for the period support charges for 7 workdays. O'Brien's salary was billed at a rate of \$4,912 per month, but he was paid at a rate of \$4,833.33. He also took 3 days leave and

Christmas off. Tordjman's salary was billed at a rate of \$3,600 per month, but he was paid in french francs at a rate equivalent to \$3,583. Voorhees' salary was billed at a rate of \$2,500 per month, but he was paid at a rate of \$2,666.67. Arrabito's salary was billed at a rate of \$2,375 per month, but he was paid at a rate of \$2,150. Jones, Tordjman and Syed took Christmas off, but the contractor billed the holiday as a direct charge for these employees. The corrected payment voucher for December 1980 would look like this:

Jewkes	- 6.25/23 months(Oct) @ \$5,000/mo.	= \$ 1,413.04
Shea	- 2/23 months (July) plus 3/22 months (Sept) plus 2/23 months (Oct) @ \$5,000/mo.	= 1,551.38
O'Brien	- 19/23 months @ \$4,833.33/mo.	= 3,992.75
Jones	- 22/23 months @ \$4,166.67/mo.	= 3,985.51
Tordjman	- 22/23 months @ \$3,583.00/mo.	= 3,427.22
Poling	- 4/23 months @ \$1,958.33/mo.	= 340.58
Voorhees	- 22/23 months @ \$2,666.67/mo.	= 2,550.73
Syed	- 22/23 months @ \$2,666.67/mo.	= 2,550.73
Arrabito	- 16/23 months @ \$2,150.00/mo.	= <u>1,495.65</u>
	Salaries allowable	<u>\$21,307.59</u> *****

4. Salaries were recomputed on a workday basis. January 1 and 14 were official holidays; however, the holidays were not deducted from the billing. According to Shea's time sheets he worked 2, 3 and 5 days, respectively, on this project in November, December and January; all of the remainder of January was accounted for by charges to other projects. O'Brien's salary rate billed was \$4,912 but he was paid at the rate of \$4,833.33. He also took leave on January 2. Jones took leave from January 12 through 31. Tordjman's salary rate billed was \$3,600 per month, but he was paid in french francs at the equivalent rate of \$3,268. Voorhees' salary rate billed was \$2,750 per month, but he was paid at the rate of \$2,666.67. Syed's salary rate billed was high by \$1.00. Arrabito's salary rate was billed at \$2,375 per month, but he was paid at a rate of \$2,150. The corrected payment voucher for January 1981 would look like this:

Shea	- 2/20 months (Nov) plus 3/23 months (Dec) plus 5/22 months (Jan) @ \$5,000.00/mo.	= \$ 2,288.53
O'Brien	- 19/22 months @ \$4,833.33/mo.	= 4,174.24
Jones	- 6/22 months @ \$4,166.67/mo.	= 1,136.36
Tordjman	- 12/22 months @ \$3,268.00/mo.	= 1,782.55

Voorhees	- 20/22 months @ \$2,666.67/mo.	=	2,424.25
Syed	- 20/22 months @ \$2,666.67/mo.	=	2,424.25
Arrabito	- 20/22 months @ \$2,150.00/mo.	=	<u>1,954.55</u>
	Salaries allowable		<u>\$16,184.73</u> *****

5. Salaries were recomputed on a workday basis. February 4 was an official holiday; however, the holiday was not deducted from the billing. According to their time sheets, Shea and Jewkes worked 2.25 and 1.75 days respectively on this project. Also Jewkes monthly salary rate was billed at \$5,360 although he was paid at the rate of \$5,250. O'Brien's monthly salary rate was billed at \$4,912 but he was paid at the rate of \$4,833.33. Arrabito's monthly salary rate was billed at \$2,375 but he was paid at a rate of \$2,150. Voorhees monthly salary rate was billed at \$2,750, but he was paid at the rate of \$2,666.67. Tordjman's salary was billed at a monthly rate of \$3,600 but he was paid in french francs at the equivalent rate of \$3,240. Syed's monthly salary rate billed was high by \$1.00. The corrected payment voucher for February 1981 would look like this:

Shea	- 2.25/20 months @ \$5,000.00/mo.	=	\$ 562.50
Jewkes	- 1.75/20 months @ \$5,250.00/mo.	=	459.38
O'Brien	- 19/20 months @ \$4,833.33/mo.	=	4,591.66
Arrabito	- 19/20 months @ \$2,150.00/mo.	=	2,045.50
Jones	- 5/20 months @ \$4,166.67/mo.	=	1,041.67
Voorhees	- 19/20 months @ \$2,666.67/mo.	=	2,533.34
Tordjman	- 19/20 months @ \$3,240.00/mo.	=	3,078.00
Syed	- 19/20 months @ \$2,666.67/mo.	=	<u>2,533.34</u>
	Salaries allowable		<u>\$16,845.39</u> *****

8. Salaries were recomputed on a workday basis. A calculation error was made on Shea's salary. O'Brien's monthly salary rate was billed at \$4,912, but he was paid at the rate of \$4,833.33. Arrabito's monthly salary rate was billed at \$2,375, but he was paid at the rate of \$2,150. Voorhees' monthly salary rate was billed at \$2,750, but he was paid at \$2,666.67. Tordjman's monthly salary rate was billed at \$3,600, but he was reimbursed in french francs at the equivalent rate of \$3,249. Syed's monthly salary rate was billed at \$1.00 higher than he was paid. The corrected payment voucher for March 1981 would look like this:

Shea	- 1/22 months @ \$5,000.00/mo.	= \$ 227.27
O'Brien	- Full month @ \$4,833.33/mo.	= 4,833.33
Arrabito	- Full month @ \$2,150.00/mo.	= 2,150.00
Jones	- Billed correctly	= 4,166.67
Voorhees	- Full month @ \$2,666.67/mo.	= 2,666.67
Tordjman	- Full month @ \$3,249.00/mo.	= 3,249.00
Syed	- Full month @ \$2,666.67/mo.	= <u>2,666.67</u>
	Salaries allowable	<u>\$19,959.61</u> *****

7. Salaries were recomputed on a workday basis. April 13 was an official holiday; however, the holiday was not deducted from the billing. O'Brien's monthly salary rate was billed at \$4,912 but he was paid at the rate of \$4,833.33. Arrabito's monthly salary rate was billed at \$2,375, but he was paid at the rate of \$2,150. Voorhees' salary was billed at a monthly rate of \$2,750, but he was paid at the rate of \$2,666.67. Tordjman's salary was billed at the monthly rate of \$3,600, but he was paid the equivalent of \$3,096 in french francs. Syed's monthly salary rate was billed at \$1.00 higher than he was paid. The corrected payment voucher for April 1981 would look like this:

O'Brien	- 21/22 months @ \$4,833.33/mo.	= \$ 4,613.63
Arrabito	- 21/22 months @ \$2,150.00/mo.	= 2,052.27
Jones	- 21/22 months @ \$4,166.67/mo.	= 3,977.28
Voorhees	- 21/22 months @ \$2,666.67/mo.	= 2,545.46
Tordjman	- 21/22 months @ \$3,096.00/mo.	= 2,955.27
Syed	- 21/22 months @ \$2,666.67/mo.	= <u>2,545.46</u>
	Salaries allowable	<u>\$18,689.37</u> *****

8. Salaries were recomputed on a workday basis. May 18 was an official holiday, but the holiday was not excluded from the billing. Shea's time sheets showed that he worked 2 days in April and 1 day in May rather than 1.5 days each as billed. Jowks' salary rate was billed at \$5,360 per month, but he was paid at the rate of \$5,250. O'Brien's salary rate was billed at \$4,912 per month, but he was paid at the rate of \$4,833.33. He was at work in the United States during the Sri Lankan holiday and in Sri Lanka during the U.S. holiday. Arrabito's salary rate was billed at \$2,375 per month, but he was paid at the rate of \$2,150. Tordjman's salary was billed at the rate of \$3,600 per month, but he was paid in french francs at the equivalent rate of \$2,854. Syed's monthly rate was billed at \$1.00 higher than he was paid. Grosser did not work on this project or for ILLI in May; this

fact was verified from payroll and time records at LBI headquarters. The corrected payment voucher for May 1981 would look like this:

Shea	- 2/22 months (April) plus 1/21 months (May) @ \$5,000.00/mo.	= \$ 692.65
Jewkes	- 4/22 months (Ma. & April) @ \$5,250/mo.	= 954.55
O'Brien	- Full month @ \$4,833.33/mo.	= 4,833.33
Arrabito	- 20/21 months @ \$2,150.00/mo.	= 2,047.62
Jones	- 20/21 months @ \$4,166.67/mo.	= 3,968.26
Tordjman	- 20/21 months @ \$2,854.00/mo.	= 2,718.10
Syed	- 20/21 months @ \$2,666.67/mo.	= <u>2,539.69</u>
	Salaries allowable	<u>\$17,754.20</u> *****

9. The contractor resubmitted his salary billing based on workdays. O'Brien's salary was billed at the rate of \$4,912 per month, but he was paid at the rate of \$4,833.33. Arrabito's salary was billed at the rate of \$2,750 per month, but he was paid at the rate of \$2,150. Tordjman's salary was billed at the rate of \$3,600 per month, but he was paid in french francs at the equivalent rate of \$2,844. Syed's monthly rate was billed at \$1.00 higher than he was paid. The corrected payment voucher for June 1981 would look like this:

Shea and Greer	- Paid correctly.	= \$ 4,068.18
O'Brien	- Full month @ \$4,833.33/mo.	= 4,833.33
Arrabito	- Full month @ \$2,150.00/mo.	= 2,150.00
Tordjman	- Full month @ \$2,844.00/mo.	= 2,844.00
Syed	- Full month @ \$2,666.67/mo.	= <u>2,666.67</u>
	Salaries allowable	<u>\$16,562.18</u> *****

10. Salaries were recomputed on a workday basis. July 6 was an official holiday. Cost escalation on salaries was allowed at 9.1 percent for all except Greer. O'Brien's monthly salary rate was billed at \$5,359, but he was paid at the rate of \$5,275. Arrabito's monthly salary rate was billed at \$2,591.13, but he was paid at the rate of \$2,345.83. Tordjman's monthly salary rate was billed at \$3,927.60, but he was paid at the rate of \$3,500. Syed's monthly salary rate was billed at \$2,910.43, but he was paid at the rate of \$2,916.67. The corrected payment voucher for July 1981 would look like this:

O'Brien	- 22/23 months @ \$5,275.00/mo.	= \$ 5,045.65
Arrabito	- 22/23 months @ \$2,345.83/mo.	= 2,243.84
Tordjman	- 22/23 months @ \$3,500.00/mo.	= 3,347.83
Syed	- 22/23 months @ \$2,916.67/mo.	= 2,789.86
Greer	- 22/23 months @ \$3,500.00/mo.	= <u>3,347.83</u>
	Salaries allowable	<u>\$16,775.01</u> *****

11. The contractor resubmitted his salary billing based on the wrong number of workdays for the month and submitted salary adjustments for overbilling the salaries of O'Brien, Arrabito and Voorhees on invoices 1 through 10. We adjusted the number of workdays on the invoice and for the overbillings in our computations of allowable salaries on each respective invoice. Cost escalation was allowed for eligible employees salaries at 9.1 percent. Jewkes monthly salary rate was billed at \$5,360 but he was paid at \$5,250. Tordjman's monthly salary rate was billed at \$3,927.78 but he was paid at the rate of \$3,500. According to his time sheets, Jewkes worked 3 days in May and 9 hours in June rather than as billed. The corrected payment voucher for August 1981 would look like this:

Jewkes	- 3/21 months (May) plus 1.125/22 months (June) @ \$5,250.00/mo.	= \$ 1,018.47
Tordjman	- Full month @ \$3,500.00/mo.	= 3,500.00
Greer	- 20/21 months @ \$3,500.00/mo.	= 3,333.33
Spaargaren	- 20/21 months @ \$3,400.00/mo.	= 3,238.10
Others	- Paid correctly	= <u>10,537.50</u>
	Salaries allowable	<u>\$21,627.40</u> *****

12. Salaries were recomputed on a workday basis. September 7 was an official holiday. Cost escalation was allowed for all except Spaargaren at 9.1 percent. Tordjman's monthly salary rate was billed at \$3,927.78, but he was paid at the rate of \$3,500. The additional billing for underbilling Voorhees salary on invoices 1 through 3 was already adjusted in our computation of allowable salaries on invoices 1 through 3. The corrected payment voucher for September 1981 would look like this:

O'Brien	- 21/22 months @ \$5,275.00/mo.	=	\$ 5,035.23
Arrabito	- 21/22 months @ \$2,345.83/mo.	=	2,239.20
Tordjman	- 21/22 months @ \$3,500.00/mo.	=	3,340.91
Syed	- 21/22 months @ \$2,916.67/mo.	=	2,784.09
Spaargaren	- 21/22 months @ \$3,400.00/mo.	=	<u>3,245.45</u>
	Salaries allowable		<u>\$16,644.88</u> *****

13. Salaries were recomputed on a workday basis. October 9 was an official holiday. Cost escalation was allowed for all except Spaargaren at 9.1 percent. Tordjman's monthly salary rate was billed at \$3,927.78, but he was paid at the rate of \$3,500. The corrected October 1981 payment voucher would look like this:

O'Brien	- 18/22 months @ \$5,275.00/mo.	=	\$ 4,315.91
Arrabito	- 21/22 months @ \$2,345.83/mo.	=	2,239.20
Tordjman	- 21/22 months @ \$3,500.00/mo.	=	3,340.91
Syed	- 20/22 months @ \$2,916.67/mo.	=	2,651.52
Spaargaren	- 21/22 months @ \$3,400.00/mo.	=	<u>3,245.45</u>
	Salaries allowable		<u>\$15,792.99</u> *****

14. There was an official holiday on November 11. Tordjman's salary was billed at the monthly rate of \$3,927.78, but he was paid at the rate of \$3,500. Syed's salary was billed incorrectly, the result of a computation error. Cost escalation was allowed at 9.1 percent. The corrected payment voucher for November 1981 would look like this:

Tordjman	- 20/21 months @ \$3,500.00/mo.	=	\$ 3,333.33
Syed	- 20/21 months @ \$2,916.67/mo.	=	2,777.78
O'Brien & Arrabito	- Paid correctly	=	<u>7,257.93</u>
	Salaries allowable		<u>\$13,369.04</u> *****

15. There was an official holiday on December 25. Tordjman's salary rate was billed at \$3,927.78 per month, but he was paid at the rate of \$3,500. According to Dawood's time sheet, he took 3 days leave in addition to the holiday; therefore, his time was overbilled. Cost escalation was allowed at 9.1 percent for all except Dawood. The corrected payment voucher for December 1981 would look like this:

Tordjman	- 21.5/23 months @ \$3,500.00/mo.	= \$ 3,271.74
Dawood	- 19/23 months @ \$2,666.67/mo.	= 2,202.90
Others	- Paid correctly	= <u>7,923.55</u>
	Salaries allowable	<u>\$13,398.19</u> =====

16. There was an official holiday on January 1. Cost escalation was allowed at 9.1 percent for all except Dawood. Dawood's monthly salary rate was overbilled by \$1.00. The corrected payment voucher for January 1982 would look like this:

Dawood	- 20/21 months @ \$2,666.67/mo.	= \$ 2,539.69
Others	- Paid correctly	= <u>12,853.36</u>
	Salaries allowable	<u>\$15,393.05</u> =====

17. There was an official holiday on February 4. Cost escalation was allowed for all eligible employees at 9.1 percent. Dawood's monthly salary rate was overbilled by \$1.00. Snow was hired for the project effective February 16; therefore, only 9 workdays are billable. The corrected payment voucher for February 1982 would look like this:

Dawood	- 19/20 months @ \$2,666.67/mo.	= \$ 2,533.34
Snow	- 9/20 months @ \$4,166.67/mo.	= 1,875.00
Others	- Paid correctly	= <u>13,335.63</u>
	Salaries allowable	<u>\$17,743.97</u> =====

18. There was an official holiday on March 9. According to Snow's time sheet, he worked 19 days plus one of three days travel was on a workday; therefore, his salary was overbilled. Dawood's monthly salary rate was overbilled by \$1.00. The corrected payment voucher for March 1982 would look like this:

Snow - 20/23 months @ \$4,166.67/mo.	= \$ 3,623.19
Dawood - 22/23 months @ \$2,666.67/mo.	= 2,550.73
Others - Paid correctly	= <u>13,427.18</u>
Salaries allowable	<u>\$19,601.10</u> *****

19. The cost escalation billed on invoice 18A was allowed and adjusted for by audit in our re-computation of salaries allowable for invoices 10 through 17.

20. There was an official holiday on April 14. Dawood's monthly salary rate was billed at \$1.00 too high. The credit for overbilling Tordjman's salary on invoices 1 through 15 was already reflected in audit computations of salaries allowable for each of these invoices. The corrected payment voucher for April 1982 would look like this:

Dawood - 21/22 months @ \$2,666.67/mo.	= \$ 2,545.46
Others - Paid correctly	= <u>13,186.17</u>
Salaries allowable	<u>\$15,731.63</u> *****

21. There was an official holiday on May 7. Dawood's monthly salary rate was billed at \$1.00 too high. The corrected payment voucher for May 1982 would look like this:

Dawood - 20/21 months @ \$2,666.67/mo.	= \$ 2,539.69
Others - Paid correctly	= <u>13,369.04</u>
Salaries allowable	<u>\$15,908.73</u> *****

22. Dawood's monthly salary rate was overbilled by \$1.00. Also, a penny was added to the revised billing for Tordjman for May. The corrected payment voucher for June 1982 would look like this:

Dawood - Full month @ \$2,666.67/mo.	= \$ 2,666.67
Others - Paid correctly	= <u>15,552.65</u>
Salaries allowable	<u>\$18,219.32</u> *****

23. Jewkes monthly salary rate was billed as \$5,617 but he was paid at the rate of \$5,000. The corrected payment voucher for November 1982 would look like this:

Jewkes	- 2/22 months (July) @ \$5,000.00/mo.	= \$ 454.55
Others	- Paid correctly	= <u>26,418.05</u>
	Salaries allowable	\$26,872.60 *****

24. There was an official holiday on December 24. The contractor billed 2 days for Arrabito's leave travel, which is specifically precluded by the contract. The contractor also billed for 2 days of travel on the weekend by Tordjman at the completion of his assignment. The corrected payment voucher for December 1982 would look like this:

Arrabito	- 8/23 months @ \$2,458.33/mo.	= \$ 855.07
Tordjman	- 8/23 months @ \$3,583.33/mo.	= 1,246.38
Others	- Paid correctly	= <u>10,648.50</u>
	Salaries allowable	\$12,750.01 *****

25. There was an official holiday on January 28. The contractor billed 2 days for Arrabito's leave travel, which was specifically precluded by the contract. The corrected payment voucher for January 1983 would look like this:

Arrabito	- 10/21 months @ \$2,458.33/mo.	= \$ 1,170.63
Others	- Paid correctly	= <u>10,622.49</u>
	Salaries allowable	\$11,793.12 *****

26. There was an official holiday on April 26. According to Snow's time sheet, he took 2 days leave during the month in addition to the holiday; therefore, his salary was overbilled. The corrected payment voucher for April 1983 would look like this:

Snow	- 18/21 months @ \$4,166.67/mo.	= \$ 3,571.43
Others	- Paid correctly	= <u>7,289.68</u>
	Salaries allowable	\$10,861.11 *****

27. According to Gibbons' time sheet, he took one day of leave during the month; therefore, his salary was overbilled. The corrected payment voucher for June 1983 would look like this:

Gibbons	- 21/22 months @ \$3,300.00/mo.	= \$ 3,150.00
Others	- Paid correctly	= <u>8,125.00</u>
	Salaries allowable	<u>\$11,275.00</u> *****

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Detail of Salary Adjustments for IECO
from Inception through June 30, 1983.

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Over (under) Paid</u>	<u>Notes</u>
1	\$ 35,737.69	\$ 34,980.00	\$ 757.69	1
2	16,239.06	16,361.50	(122.44)	2
3	12,737.70	12,294.18	443.52	3
4	7,946.29	7,440.91	505.38	4
5	6,216.42	5,921.50	294.92	5
6	3,506.45	3,445.45	61.00	6
7	9,285.71	9,707.96	(422.25)	7
8	8,511.78	8,970.47	(458.69)	8
9	11,322.27	11,322.27	-0-	
10	12,269.77	12,201.31	68.46	9
11	18,860.69	18,638.32	222.37	10
12	11,767.74	12,301.75	(534.01)	11
13	18,523.83	18,745.58	(221.75)	12
14	19,394.94	19,638.76	(243.82)	13
15	17,316.98	17,419.37	(102.39)	14
16	16,938.94	17,155.61	(216.67)	15
17	16,163.70	15,970.70	193.00	16
18	19,272.19	16,825.93	2,446.26	17
18A	1,754.82	-0-	1,754.82	18
19	14,083.66	14,083.66	-0-	
20	9,781.23	9,521.90	259.33	19
21	11,539.15	11,416.68	122.47	20
22	19,428.28	19,371.12	57.16	21
23	24,039.42	23,967.83	71.59	22
24	22,256.18	22,256.18	-0-	
25	19,333.66	19,333.66	-0-	
26	14,041.59	14,041.59	-0-	
27	15,629.97	15,179.97	450.00	23
28	11,847.37	11,847.37	-0-	
29	11,555.57	11,555.57	-0-	
30	11,531.77	11,531.77	-0-	
31	11,247.62	11,133.34	114.28	24
32	11,963.59	11,963.59	-0-	
33	12,387.62	12,387.62	-0-	
Totals:	<u>\$484,433.65</u> *****	<u>\$478,933.42</u> *****	<u>\$ 5,500.23</u> *****	

Explanatory Notes:

1. Salaries were recomputed on a workday basis. English's salary was billed at a rate of \$4,180 per month for the entire period, but payroll records showed that his salary rate to August 16, 1980 was only \$3,305 per month. Emerson's time sheet showed that he did not work on the project during September 1980. The correct payment voucher would look like this:

English	-	4/21 months @ \$3,305/mo. plus 2 10/21 months @ \$4,180/mo.	=	\$10,980.00
Constable	-	2 3/21 months @ \$3,700/mo.	=	7,928.57
Clauzon	-	1 21/22 months @ \$3,700/mo.	=	7,231.82
Belvis	-	1 7/22 months @ \$2,800/mo.	=	3,690.91
Causing	-	5/22 months (Sept.) plus 8/22 months (Oct.) @ \$4,115/mo.	=	2,366.53
Emerson	-	Did not work during September 1980	=	-0-
Mousley	-	18/23 months @ \$3,555/mo.	=	2,782.17
		Salaries allowable		<u>\$34,980.00</u>

2. Salaries were recomputed on a workday basis. The credit for Clauzon was adjusted for in the recalculation of invoice 1 (note 1, this exhibit). The corrected payment voucher for November 1980 would look like this:

Mousley	-	10/20 months @ \$3,555/mo.	=	\$ 1,777.50
Others	-	Paid correctly	=	<u>14,584.00</u>
		Salaries allowable		<u>\$16,361.50</u>

3. Salaries were recomputed on a workday basis. Emerson's salary was billed at one workday for December 1980, but his time sheet showed only one hour worked on this project. A full month's salary was billed for Constable, but his time sheet showed one day on leave and Christmas off. Gonzalez's salary was also billed for a full month, but his time sheet showed Christmas off. The corrected payment voucher for December 1980 would look like this:

Causing	-	2/23 months @ \$4,115/mo.	=	\$ 857.83
Emerson	-	1.25 months (Nov.), plus .125/23 months (Dec.) @ \$4,215/mo.	=	286.35
Constable	-	21/23 months @ \$3,700/mo.	=	3,378.26
Clauzon	-	16/23 months @ \$3,700/mo.	=	2,573.01

Explanatory Notes:

Belvis	-	15/23 months @ \$2,800/mo.	=	1,828.09
Gonzalez	-	22/23 months @ \$2,080/mo.	=	1,989.57
Baskin	-	18/23 months @ \$2,405/mo.	=	1,882.17
		Salaries allowable		<u>\$12,294.18</u>

4. Salaries were recomputed on a workday basis. January 1 and 14 were official holidays; however, the holidays were not deducted from the billing. The corrected payment voucher for January 1981 would look like this:

Constable	-	20/22 months @ \$3,700/mo.	=	\$ 3,383.64
Gonzalez	-	20/22 months @ \$2,080/mo.	=	1,890.91
Baskin	-	20/22 months @ \$2,405/mo.	=	2,186.36
		Salaries allowable		<u>\$ 7,440.91</u>

5. Salaries were recomputed on a workday basis. February 4 was an official holiday; however, the holiday was not deducted from the billing. Constable took one day leave during the month. The corrected payment voucher for February 1981 would look like this:

Constable	-	18/20 months @ \$3,700/mo.	=	\$ 3,330.00
Gonzalez	-	19/20 months @ \$2,080/mo.	=	1,976.00
Jugueta	-	3/20 months @ \$2,500/mo.	=	375.00
Baskin	-	2/20 months @ \$2,405/mo.	=	240.50
		Salaries allowable		<u>\$ 5,921.50</u>

6. Salaries were recomputed on a workday basis. The corrected payment voucher for March 1981 would look like this:

Gonzalez	-	10/22 months @ \$2,080/mo.	=	\$ 945.45
Jugueta	-	Paid correctly	=	<u>2,500.00</u>
		Salaries allowable		<u>\$ 3,445.45</u>

7. Salaries were recomputed on a workday basis. April 13 was an official holiday; however, the holiday was not deducted from the billing. The corrected payment voucher for April 1981 would look like this:

Explanatory Notes:

Bateman	-	9/22 months @ \$3,720/mo.	=	\$ 1,521.82
Causing	-	5/22 months @ \$4,115/mo.	=	935.23
Jugueta	-	21/22 months @ \$2,500/mo.	=	2,388.36
Brown	-	16/22 months @ \$3,370/mo.	=	2,450.91
Lutzenberger	-	18/22 months @ \$2,950/mo.	=	2,413.64
		Salaries allowable		<u>\$ 9,707.96</u>

8. Salaries were recomputed on a workday basis. May 18 was an official holiday, but the holiday was not excluded from the billing. The corrected payment voucher for May 1981 would look like this:

Jugueta	-	20/21 months @ \$2,500/mo.	=	\$ 2,380.95
Lutzenberger	-	20/21 months @ \$2,950/mo.	=	2,809.52
Stoffel	-	3/21 months @ \$2,650/mo.	=	378.57
Brown	-	11/21 months @ \$3,370/mo.	=	1,765.24
Leonhardt	-	8/21 months @ \$4,295/mo.	=	1,636.19
		Salaries allowable		<u>\$ 8,970.47</u>

9. Salaries were recomputed on a workday basis. July 6 was an official holiday. Leonhardt was charged for 2.25 days of sick leave taken but not deducted from the billing. Cost escalation on salaries was allowed for Jugueta at 9.1 percent. One day was added on this invoice for Lutzenberger because the balance of the adjustment was made on invoice 9. The corrected payment voucher for July 1981 would look like this:

Causing	-	1/23 months @ \$4,115/mo.	=	\$ 178.91
Leonhardt	-	10.75/23 months @ \$4,295/mo.	=	3,688.10
Jugueta	-	22/23 months @ \$2,727.50/mo.	=	2,608.91
Stoffel	-	22/23 months @ \$2,650/mo.	=	2,534.78
Sokol	-	10/23 months @ \$3,700/mo.	=	3,050.52
Lutzenberger	-	1/22 months (June) @ \$2,950/mo.	=	<u>134.00</u>
		Salaries allowable		<u>\$12,201.31</u>

Explanatory Notes:

10. The contractor resubmitted his salary billing based on the wrong number of workdays which we corrected. Cost escalation was allowed for Jugueta at 9.1 percent. Stoffel took sick leave on August 13 which was not deducted from the invoice. Pascua's time sheet showed that he worked 10 days from August 18, and De Dios' time sheet showed that he worked 15 days beginning August 11. The payment voucher for August 1981 would look like this:

Causing	-	1/23 months (July) @ \$4,115/mo.	=	\$ 178.91
Stoffel	-	20/21 months @ \$2,650/mo.	=	2,523.81
Leonhardt	-	16/21 months @ \$4,295/mo.	=	3,272.38
Pascua	-	10/21 months @ \$2,400/mo.	=	1,142.86
De Dios	-	15/21 months @ \$1,250/mo.	=	892.86
Others	-	Paid correctly	=	<u>10,627.50</u>
		Salaries allowable		<u>\$18,638.32</u>

11. Salaries were recomputed on a workday basis. September 7 was an official holiday. The credit for De Dios was already adjusted in our computation of allowable salaries for invoice 11. The corrected payment voucher for September 1981 would look like this:

Causing	-	1/21 months (Aug.) @ \$4,115/mo.	=	\$ 195.96
Jugueta	-	21/22 months @ \$2,727.50/mo.	=	2,603.52
Stoffel	-	21/22 months @ \$2,650/mo.	=	2,529.55
Sokol	-	5/22 months @ \$3,700/mo.	=	840.91
Pascua	-	21/22 months @ \$2,400/mo.	=	2,280.91
Almadro	-	17/22 months @ \$1,500/mo.	=	1,159.09
Bongay-Icamen	-	21/22 months @ \$1,250/mo.	=	1,193.18
Santos	-	6/22 months @ \$1,500/mo.	=	409.09
De Dios	-	19/22 months @ \$1,250/mo.	=	<u>1,079.55</u>
		Salaries allowable		<u>\$12,301.75</u>

Explanatory Notes:

12. Salaries were recomputed on a workday basis. October 9 was an official holiday. Cost escalation at 9.1 percent was allowed for Jugweta. Ridinger's time sheet showed 5 days work and travel from October 26. The corrected October 1981 payment voucher would look like this:

Jugweta	- 21/22 months @ \$2,727.50/mo.	= \$ 2,603.52
Pascua	- 21/22 months @ \$2,400/mo.	= 2,290.91
Bongay-Icamen	- 21/22 months @ \$1,250/mo.	= 1,193.18
Almadro	- 21/22 months @ \$1,500/mo.	= 1,431.82
Santos	- 21/22 months @ \$1,500/mo.	= 1,431.82
De Dios	- 21/22 months @ \$1,250/mo.	= 1,193.18
Stoffel	- 21/22 months @ \$2,650/mo.	= 2,529.55
Faris	- 17/22 months (Sept.) plus 21/22 months @ \$2,950/mo.	= 5,085.46
Ridinger	- 5/22 months @ \$4,295/mo.	= <u>976.14</u>
	Salaries allowable	<u>\$18,745.58</u>

13. There was an official holiday on November 11. Causing's salary was recomputed on a workday basis. Cost escalation was allowed for Jugweta at 9.1 percent. The corrected payment voucher for November 1981 would look like this:

Causing	- 15/22 months (Oct.) @ \$4,115/mo.	= \$ 93.52
Others	- Paid correctly	= <u>19,545.24</u>
	Salaries allowable	<u>\$19,638.76</u>

14. There was an official holiday on December 25. According to Stoffel's time sheet, she completed her return travel on December 2; therefore, her time was overbilled by one day. Cost escalation was allowed for Jugweta at 9.1 percent. The corrected payment voucher for December 1981 would look like this:

Stoffel	- 2/23 months @ \$2,650/mo.	= \$ 230.43
Others	- Paid correctly	= <u>\$17,188.14</u>
	Salaries allowable	<u>\$17,419.37</u>

Explanatory Notes:

15. The contractor's billing was correct. Cost escalation for Jugueta was not but should have been reimbursed.

16. There was an official holiday on February 4. Cost escalation was allowed for Jugueta at 9.1 percent. Jugueta was on leave without pay for 3 days according to his time sheet; therefore, his salary was overbilled by 3 days counting the holiday. The corrected payment voucher for February 1982 would look like this:

Jugueta	- 16/20 months @ \$2,127.50	= \$ 2,182.00
Others	- Paid correctly	= <u>13,788.70</u>
	Salaries allowable	<u>\$15,970.70</u>

17. There was an official holiday on March 9. According to Causing's time sheet, he worked 4 days on this project in February; therefore, his salary was overbilled. Hougen's time sheet showed that he worked only 9 hours on this project in February; his billing was significantly overstated. In addition to the holiday, Pascua took one day's leave during the month which was not deleted from the billing. The corrected payment voucher for March 1982 would look like this:

Causing	- 4/20 months (Feb.) @ \$4,115/mo.	= \$ 823.00
Hougen	- 1.125/20 months (Feb.) @ \$5,235/mo.	= 294.47
Pascua	- 21/23 months @ \$2,400/mo.	= 2,191.30
Others	- Paid correctly	= <u>13,517.16</u>
	Salaries allowable	<u>\$16,825.93</u>

18. The cost escalation billed on invoice 18A was allowed and adjusted for by audit in our re-computation of salaries allowable for invoices 10 through 17.

19. There was an official holiday on May 7. According to Causing's time sheet, he worked 10 hours on this project in April, not 2 days as billed. Bongay-Icamun took 14 days leave plus the holiday during the month; therefore, his salary was overbilled by 2 days. The corrected payment voucher for May 1982 would look like this:

Causing	- 1.25/22 months (Apr.) @ \$4,115/mo.	= \$ 233.81
Bongay-Icamun	- 6/21 months @ \$1,250/mo.	= 357.14
Others	- Paid correctly	= <u>8,930.85</u>
	Salaries allowable	<u>\$ 9,521.90</u>

Explanatory Notes:

20. According to Causing's time sheet, he worked only 7 hours during May and not 1.5 days as billed. The corrected payment voucher for June 1982 would look like this:

Causing	- .875/21 months @ \$4,115/mo.	= \$ 171.46
Others	- Paid correctly	= <u>11,245.22</u>
	Salaries allowable	<u>\$11,416.68</u>

21. There was an official holiday on July 5. Pascua's time sheet showed that he took one-half day of sick leave during the month in addition to the holiday; therefore, his salary was overbilled. The corrected payment voucher for July 1982 would look like this:

Pascua	- 20.5/22 months @ \$2,515/mo.	= \$ 2,343.52
Others	- Paid correctly	= <u>17,027.60</u>
	Salaries allowable	<u>\$19,371.12</u>

22. There was an official holiday on August 4. Almadro's time sheet showed that he took one day of sick leave during the month plus the holiday off; therefore, his salary was overbilled. The corrected payment voucher for August 1982 would look like this:

Almadro	- 20/22 months @ \$1,575/mo.	= \$ 1,431.82
Others	- Paid correctly	= <u>22,536.01</u>
	Salaries allowable	<u>\$23,967.83</u>

23. There was an official holiday on December 24. The contractor billed 3 days for Almadro's leave travel, which is specifically precluded by the terms and conditions of the contract. The corrected payment voucher for December 1982 would look like this:

Almadro	- 2/23 months @ \$2,400/mo.	= \$ 208.70
Others	- Paid correctly	= <u>14,971.27</u>
	Salaries allowable	<u>\$15,179.97</u>

24. There was an official holiday on April 26. According to Almadro's time sheet, he was off one day sick in addition to the holiday; therefore, his salary was overbilled. The corrected payment voucher for April 1983 would look like this:

Almadro	- 19/21 months @ \$2,400/mo.	= \$ 2,171.43
Others	- Paid correctly	= <u>8,961.91</u>
	Salaries allowable	<u>\$11,133.34</u>

MA-AMLI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

EXHIBIT E
Page 1 of 2

Overhead Reimbursed, Allowable and Overpaid
From Inception Through June 30, 1983

Inv. No.	Total Allowable Salaries (Exhibit B)	Total Overhead			LBII Allowable Salaries (Exhibit C)	LBII Overhead			IECO Allowable Salaries (Exhibit D)	IECO Overhead		
		Reimbursed	Allowable	Over(Under) Paid		Reimbursed	Allowable (Note 1)	Over(Under) Paid		Reimbursed	Allowable (Note 2)	Over(Under) Paid
1.	\$ 84,454.97	\$ 93,733.46	\$ 99,815.72	\$(6,082.26)	\$ 49,474.97	\$ 54,422.00	\$ 57,489.92	\$(3,067.92)	\$ 34,980.00	\$ 39,311.46	\$ 42,325.80	\$(3,014.34)
2.	34,593.83	37,739.23	40,983.39	(3,194.16)	19,232.33	19,926.26	21,185.97	(1,259.71)	16,361.50	17,862.97	19,797.42	(1,934.45)
3.	33,601.77	38,271.01	39,635.38	(1,364.37)	21,307.59	24,259.54	24,759.42	(499.88)	12,294.78	14,011.47	14,875.96	(864.49)
4.	23,625.64	31,192.57	27,810.16	3,382.41	16,194.73	22,451.65	18,806.66	3,644.99	7,440.91	8,740.92	9,003.50	(262.58)
5.	22,766.89	27,198.43	26,739.36	459.07	16,345.39	20,360.37	19,574.34	786.03	5,921.50	6,838.06	7,165.02	(326.96)
6.	23,405.06	26,626.07	27,362.06	(735.99)	19,959.61	22,768.97	23,193.07	(424.10)	3,445.45	3,857.10	4,168.99	(311.89)
7.	28,397.33	32,732.75	33,463.68	(730.93)	18,689.37	22,518.47	21,717.06	801.42	9,707.96	10,214.28	11,746.63	(1,532.35)
8.	26,724.67	31,938.22	31,484.65	453.57	17,754.20	22,575.26	20,630.38	1,944.88	8,970.47	9,362.96	10,854.27	(1,491.31)
9.	27,884.45	31,839.64	32,945.20	(1,105.56)	16,562.18	19,385.14	19,273.25	139.89	11,322.27	12,454.50	13,699.95	(1,245.45)
10.	28,976.32	31,441.23	34,256.15	(2,814.92)	16,775.01	17,944.48	19,492.56	(1,548.08)	12,201.31	13,496.75	14,763.59	(1,266.84)
11.	40,265.72	40,039.80	47,683.41	(7,643.61)	21,627.40	19,293.04	25,131.04	(5,838.00)	18,638.32	20,746.76	22,552.37	(1,805.61)
12.	28,946.63	31,038.33	34,226.47	(3,188.14)	16,644.58	18,093.81	19,341.35	(1,247.54)	12,301.75	12,944.52	14,895.12	(1,940.60)
13.	34,538.57	36,895.38	41,033.60	(4,138.22)	15,792.99	16,519.16	18,351.45	(1,832.29)	18,745.52	20,376.22	22,682.15	(2,305.93)
14.	33,007.80	35,215.33	39,297.72	(4,082.39)	13,369.54	13,880.90	15,534.82	(1,653.92)	19,638.76	21,334.43	23,762.90	(2,428.47)
15.	30,817.56	33,287.71	36,646.14	(3,358.43)	13,398.19	14,239.03	15,568.70	(1,329.67)	17,419.37	19,048.68	21,077.44	(2,028.76)
16.	32,548.66	34,685.28	38,645.01	(3,959.73)	15,393.55	16,052.44	17,986.72	(1,934.28)	17,155.61	18,632.84	20,758.29	(2,125.45)
17.	33,714.67	37,060.58	39,943.04	(2,882.46)	17,743.57	19,280.51	20,618.49	(1,337.98)	15,970.70	17,780.07	19,324.55	(1,544.48)
18.	36,427.03	45,119.48	43,135.86	1,983.62	19,601.13	23,158.67	22,776.48	382.19	16,825.93	21,960.81	20,359.38	1,601.43
18A.	-0-	11,254.96	-0-	11,254.96	-0-	9,324.66	-0-	9,324.66	-0-	1,930.30	-0-	1,930.30
19.	29,815.29	22,851.82	35,321.38	(12,469.56)	15,731.63	9,479.89	18,280.15	(8,800.26)	14,083.66	13,371.93	17,041.23	(3,669.30)
20.	25,430.63	28,260.00	30,007.44	(1,747.44)	15,908.73	17,500.65	18,485.94	(985.29)	9,521.90	10,759.35	11,521.50	(762.15)
21.	29,636.00	32,735.43	34,985.03	(2,249.60)	18,219.32	20,042.36	21,170.85	(1,128.49)	11,416.68	12,693.07	13,814.18	(1,121.11)
22.	38,996.12	46,273.22	46,243.31	29.91	19,625.00	22,765.00	22,804.25	(39.25)	19,371.12	23,508.22	23,439.06	69.16
23.	44,331.48	52,709.53	52,663.63	45.90	20,363.65	23,621.83	23,662.56	(40.73)	23,967.83	29,087.70	29,001.07	86.63
24.	45,483.44	111,705.21	53,920.06	57,785.15	23,227.26	51,897.03	26,990.08	24,906.95	22,256.16	59,808.18	26,929.98	32,878.20
25.	42,793.98	50,654.62	50,654.62	-0-	23,460.32	27,260.89	27,260.89	-0-	19,333.66	23,393.73	23,393.73	-0-
26.	40,914.19	49,443.46	48,216.28	1,227.18	26,872.60	32,453.14	31,225.96	1,227.18	14,041.59	16,990.32	16,990.32	-0-
27.	27,929.98	32,995.20	33,183.27	(188.07)	12,750.01	14,082.94	14,815.51	(732.57)	15,179.97	18,912.26	19,367.76	544.50

Inv. No.	Total Allowable Salaries (Exhibit B)	Total Overhead			LBII Allowable Salaries (Exhibit C)	LBII Overhead			IECO Allowable Salaries (Exhibit D)	IECO Overhead		
		Reimbursed	Allowable	Over(Under) Paid		Reimbursed	Allowable (Note 1)	Over(Under) Paid		Reimbursed	Allowable (Note 2)	Over(Under) Paid
28.	\$ 23,640.49	\$ 28,310.98	\$ 28,038.93	\$ 272.05	\$ 11,793.12	\$ 13,975.66	\$ 13,703.61	\$ 272.05	\$ 11,847.37	\$ 14,335.32	\$ 14,335.32	\$ -0-
29.	22,942.65	27,214.03	27,214.03	-0-	11,387.08	13,231.79	13,231.79	-0-	11,555.57	13,982.24	13,982.24	-0-
30.	23,615.83	27,970.95	27,995.12	(24.17)	12,084.06	14,017.51	14,041.68	(24.17)	11,531.77	13,953.44	13,953.44	-0-
31.	21,994.45	32,695.89	26,091.95	6,603.94	10,861.11	19,086.27	12,620.61	6,465.66	11,133.34	13,609.62	13,471.34	138.28
32.	24,635.36	29,200.55	29,200.54	.01	12,671.77	14,724.60	14,724.60	-0-	11,563.59	14,475.95	14,475.94	.01
33.	23,662.62	28,264.87	28,090.57	174.30	11,275.00	13,275.85	13,101.55	174.30	11,387.62	14,989.02	14,989.02	-0-
\$1,070,520.08		\$1,238,645.22	\$1,266,933.16	\$21,712.06	\$591,586.66	\$703,869.77	\$687,423.70	\$16,446.07	\$478,933.42	\$584,775.45	\$579,509.46	\$ 5,265.99

Explanatory Notes:

1. LBII overhead was allowable at 116.2% through invoice 33. The contractor was paid provisional overhead at the rate of 110% for invoices 1 through 23 which were adjusted retroactively to 116.2% on invoice 24. Any adjustments made on invoices subsequent to number 33 are considered to be outside the scope of this audit.
2. IECO overhead was allowed at 121% through invoice 33. The contractor was paid provisional overhead at the rate of 110% for invoices 1 through 23 which were adjusted retroactively to 121% on invoice 24. Any adjustments made on invoices subsequent to number 33 are considered to be outside the scope of this audit.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Fixed Fee Reimbursed, Allowable and Overpaid
from Inception through June 30, 1983

<u>Invoice Number</u>	<u>Amount (Note 1)</u>		<u>Over(Under) Paid (Note 2)</u>		<u>Total</u>
	<u>Reimbursed</u>	<u>Allowable</u>	<u>LBII</u>	<u>IBCO</u>	
1	\$ 28,051.09	\$ 21,372.97	\$ 3,765.97	\$ 2,912.15	\$ 6,678.12
2	11,308.97	8,754.63	1,349.16	1,205.16	2,554.34
3	11,453.16	8,503.58	1,867.72	1,081.86	2,949.58
4	- 0 -	5,978.93	(4,095.86)	(1,883.07)	(5,978.93)
5	- 0 -	5,761.60	(4,263.05)	(1,498.55)	(5,761.60)
6	7,809.33	5,923.11	3,212.79	(1,326.57)	1,886.22
7	7,530.60	7,186.50	450.96	(106.86)	344.10
8	7,347.81	6,763.19	700.70	(116.08)	584.62
9	7,325.12	7,056.70	268.42	- 0 -	268.42
10	7,233.46	7,333.02	(116.88)	17.32	(99.56)
11	9,211.68	10,190.02	(1,034.61)	56.27	(978.34)
12	7,140.60	7,325.51	(49.69)	(135.22)	(184.91)
13	8,488.26	8,740.65	(196.27)	(56.12)	(252.39)
14	8,101.75	8,353.26	(189.81)	(61.70)	(251.51)
15	7,658.27	7,798.98	(114.80)	(25.91)	(140.71)
16	7,979.80	8,237.07	(202.44)	(54.83)	(257.27)
17	8,526.27	8,532.15	(54.73)	48.85	(5.88)
18	9,929.57	9,218.57	91.93	619.07	711.00
18A	2,589.36	- 0 -	2,145.27	444.09	2,589.36
19	6,020.70	7,545.33	(1,524.63)	- 0 -	(1,524.63)
20	6,501.58	6,435.71	.24	65.63	65.87
21	7,514.17	7,482.93	.25	30.99	31.24
22	9,856.97	9,842.50	- 0 -	14.47	14.47
23	11,209.27	11,191.16	- 0 -	18.11	18.11
24	11,470.83	11,470.83	- 0 -	- 0 -	- 0 -
25	5,175.69	8,435.16	(2,010.41)	(1,249.06)	(3,259.47)
26	5,446.27	5,432.21	14.06	- 0 -	14.06
27	4,814.73	4,682.68	53.59	78.46	132.05
28	5,984.77	5,926.08	58.69	- 0 -	58.69
29	5,751.14	5,751.14	- 0 -	- 0 -	- 0 -
30	(14,474.76)	(14,477.36)	38.79	(36.19)	2.60
31	3,739.68	2,969.25	755.00	15.43	770.43
32	3,879.90	3,792.13	87.77	- 0 -	87.77
33	3,856.33	3,734.46	121.87	- 0 -	121.87
Totals	\$234,432.37	\$233,244.65	\$1,130.02	\$ 57.70	\$1,187.72

Explanatory Notes:

1. The amounts in these columns are the sum of the amounts scheduled in Exhibit G (LBII) and H (IBCO) for fixed fee reimbursed and allowable.
2. Fixed fee computations to arrive at the amount over or under paid for design and construction supervision are detailed in Exhibit G for LBII and Exhibit H for IBCO.

MAHAVELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

LBII Fixed Fee Reimbursed, Allowable and Overpaid
for Design and Construction Supervision from
Inception through June 30, 1983

Invoice Number	Design				Construction Supervision				Notes
	Allowable Salaries (Exhibit C)	Fixed Fee			Allowable Salaries (Exhibit C)	Fixed Fee			
		Reimbursed	Allowable	Over(Under)Paid		Reimbursed	Allowable	Over(Under) Paid	
1.	\$ 49,474.97	\$ 16,286.57	\$ 12,520.60	\$ 3,765.97					
2.	18,132.33	5,963.22	4,614.04	1,349.18					
3.	21,307.59	7,260.02	5,392.30	1,867.72					
4.	16,184.73	- 0 -	4,095.86	(4,095.86)					
5.	16,845.39	- 0 -	4,263.05	(4,263.05)					
6.	19,359.61	8,263.96	5,051.17	3,212.79					
7.	18,689.37	5,180.67	4,729.71	450.96					
8.	17,754.20	5,193.74	4,493.04	700.70					
9.	16,562.18	4,459.80	4,191.38	268.42					
10.	16,775.01	4,128.38	4,245.24	(116.86)					
11.	21,627.40	4,438.82	5,473.23	(1,034.61)					
12.	16,644.88	4,162.82	4,212.31	(49.69)					
13.	15,792.99	3,800.45	3,996.72	(196.27)					
14.	13,388.64	3,193.48	3,383.29	(189.81)					
15.	13,398.19	3,275.87	3,390.67	(114.80)					
16.	15,393.05	3,693.07	3,895.51	(202.44)					
17.	17,743.97	4,435.73	4,490.46	(54.73)					
18.	19,601.10	5,052.37	4,960.44	91.93					
18A.	- 0 -	2,145.27	- 0 -	2,145.27					
19.	15,731.63	2,456.56	3,981.19	(1,524.63)					
20.	15,908.73	4,026.25	4,026.01	.24					
21.	11,331.23	2,867.59	2,867.59	- 0 -	\$ 6,888.09	\$ 1,726.92	\$ 1,726.67	\$.25	
22.	11,174.14	2,827.83	2,827.83	- 0 -	8,458.86	2,118.42	2,118.42	- 0 -	
23.	13,942.33	3,528.38	3,528.38	- 0 -	6,421.32	1,609.66	1,609.66	- 0 -	
24.	12,924.99	3,270.92	3,270.92	- 0 -	10,382.27	2,582.52	2,582.52	- 0 -	
25.	10,138.89	118.96	2,129.37	(2,010.41)	13,321.43	3,339.35	3,339.35	- 0 -	1
26.	11,454.55				15,418.05	3,878.98	3,864.92	14.06	
27.	3,391.31				9,358.70	2,399.58	2,345.99	53.59	
28.					11,793.12	3,014.93	2,956.24	58.69	
29.					11,387.08	2,854.45	2,854.45	- 0 -	

Invoice Number	Design				Construction Supervision				Notes
	Allowable Salaries (Exhibit C)	Reimbursed	Fixed Fee Allowable	Over(Under) Paid	Allowable Salaries (Exhibit C)	Reimbursed	Fixed Fee Allowable	Over(Under) Paid	
30					\$ 12,084.06	\$ (9,127.05)	\$ (9,165.84)	\$ 38.79	2
31					10,861.11	2,221.25	1,466.25	755.00	
32					12,671.77	2,264.82	2,177.05	87.77	3
33					11,275.00	2,184.00	2,062.13	121.87	3
Totals:	\$451,240.16	\$110,030.31	\$110,030.31	\$ - 0 -	\$140,232.86	\$ 21,067.83	\$ 19,937.81	\$ 1,130.02	

Explanatory Notes:

- The application of allowable salaries for design to the fixed fee computation for invoices 1 through 24 resulted in an overpayment to the contractor of \$2,010.41. However, allowable salaries for design on invoices 25, 26 and 27 would provide additional fixed fee up to \$6,322.87 of which \$2,129.37 (\$2,010.41 plus \$118.96 billed and reimbursed) was allowed. A portion of the \$4,193.50 (\$6,322.87 less \$2,129.37) remaining could be claimed and allowed since the total fixed fee reimbursed to LBII and IEOO is \$256.08 less than the agreed to total fixed fee of \$199,200.
- Because amendment two to the contract revised the total salaries to which the fixed fee for construction supervision was to be applied, the method of computing the fixed fee was also revised. The new method was applied retroactively to all invoices containing fixed fee for construction supervision which resulted in a net credit on invoice 30 of \$9,127.05. Recomputing this adjustment based on allowable salaries results in the following revised credit:

Invoice Number	Allowable Salaries	Fee Computation Method		Credit
		215,600,860,876	13.5%	
21	\$ 6,888.09	\$ 1,726.67	\$ 929.89	\$ 796.78
22	8,450.86	2,118.42	1,140.87	977.55
23	6,421.32	1,609.66	866.88	742.78
24	10,302.27	2,582.52	1,390.81	1,191.71
25	13,321.43	3,339.35	1,798.39	1,540.96
26	15,418.05	3,864.92	2,081.44	1,783.48
27	9,358.70	2,345.99	1,263.42	1,082.57
28	11,793.12	2,956.24	1,592.07	1,364.17
29	11,387.08	2,854.45	1,537.26	1,317.19
Totals:	\$ 93,340.92	\$ 23,398.22	\$12,601.03	\$10,797.19

<u>Invoice Number</u>	<u>Allowable Salaries</u>	<u>Fee Computation Method</u>		<u>Credit</u>
		<u>215,800/860,876</u>	<u>13.5%</u>	
30	<u>12,084.06</u>		<u>1,631.35</u>	<u>(1,631.35)</u>
Totals:	<u>\$105,424.98</u>		<u>\$14,232.38</u>	
Net Credit:				<u>\$ 9,165.84</u>

3. Reimbursed and allowable costs include both salary and consultant fees. For invoice 32 the computation was:

Allowable Salaries	\$ 12,671.77	
Consultant Fees	<u>3,454.55</u>	
Total:	\$ 16,126.32	@ 13.5 percent
Allowable Fixed Fee -	\$ 2,177.05	

For invoice 33 the computation was:

Allowable salaries	\$ 11,275.00	
Consultant Fees	<u>4,000.00</u>	
Total:	\$ 15,275.00	@ 13.5 percent
Allowable Fixed Fee -	\$ 2,062.13	

MARAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

1800 Fixed Fee Reimbursed, Allowable and Overpaid
for Design and Construction Supervision
from Inception through June 30, 1983

Invoice Number	Design				Construction Supervision				Notes
	Allowable Salaries (Exhibit D)	Fixed Fee			Allowable Salaries (Exhibit D)	Fixed Fee			
		Reimbursed	Allowable	Over(Under)Paid		Reimbursed	Allowable	Over(Under)Paid	
1.	\$ 34,960.00	\$ 11,764.52	\$ 8,852.37	\$ 2,912.15					
2.	16,361.50	5,345.75	4,140.59	1,205.16					
3.	12,294.18	4,193.14	3,111.28	1,081.86					
4.	7,440.91	-0-	1,883.07	(1,883.07)					
5.	5,321.50	-0-	1,498.55	(1,498.55)					
6.	3,445.45	(454.63)	871.94	(1,326.57)					
7.	9,707.96	2,349.93	2,456.79	(106.86)					
8.	8,970.47	2,154.07	2,270.15	(116.08)					
9.	11,322.27	2,865.32	2,865.32	-0-					
10.	12,201.31	3,105.10	3,087.78	17.32					
11.	16,636.32	4,773.06	4,716.79	56.27					
12.	12,501.75	2,977.98	3,113.20	(135.22)					
13.	16,745.58	4,687.81	4,743.93	(56.12)					
14.	19,638.76	4,908.27	4,969.97	(61.70)					
15.	17,419.37	4,382.40	4,408.31	(25.91)					
16.	17,155.61	4,286.73	4,341.56	(54.83)					
17.	15,970.70	4,090.54	4,041.69	48.85					
18.	16,825.93	4,877.20	4,258.13	619.07					
19.	-0-	444.09	-0-	444.09					
19.	14,083.66	3,564.14	3,564.14	-0-					
20.	9,521.90	2,475.33	2,409.70	65.63					
21.	11,189.41	2,862.69	2,831.70	30.99	\$ 227.27	\$ 56.97	\$ 56.97	\$ -0-	
22.	16,870.21	4,283.80	4,269.33	14.47	2,500.91	626.92	626.92	-0-	
23.	18,787.37	4,772.62	4,754.51	18.11	5,180.46	1,298.61	1,298.61	-0-	
24.	16,003.91	4,050.10	4,050.10	-0-	6,252.27	1,567.29	1,567.29	-0-	
25.	13,095.56	153.65	1,402.71	(1,249.06)	6,238.10	1,563.73	1,563.73	-0-	
26.	7,789.32				6,252.27	1,567.29	1,567.29	-0-	
27.	5,858.38				9,321.59	2,415.15	2,336.69	78.46	
28.					11,847.37	2,969.84	2,969.84	-0-	
29.					11,555.57	2,896.69	2,896.69	-0-	

Invoice Number	Design				Construction Supervision				Notes
	Allowable Salaries (Exhibit D)	Fixed Fee			Allowable Salaries (Exhibit D)	Fixed Fee			
		Reimbursed	Allowable	Over(Under)Paid		Reimbursed	Allowable	Over(Under)Paid	
30					\$ 11,531.77	\$ (5,347.71)	\$ (5,311.52)	\$ (36.19)	2
31					11,133.34	1,518.43	1,503.00	15.43	
32					11,963.59	1,615.08	1,615.08	-0-	
33					12,387.62	1,672.33	1,672.33	-0-	
Totals:	<u>\$372,654.93</u>	<u>\$88,913.61</u>	<u>\$88,913.61</u>	<u>\$ -0-</u>	<u>\$106,392.13</u>	<u>\$ 14,420.62</u>	<u>\$ 14,362.92</u>	<u>\$ 57.70</u>	

Explanatory Notes:

1. The application of allowable salaries for design to the fixed fee computation for invoices 1 through 24 resulted in overpayment to the contractor of \$1,249.06. However, allowable salaries for design on invoices 25, 26 and 27 would provide additional fixed fee up to \$6,767.90 of which \$1,822.71 (\$1,249.06 plus \$153.65 billed and reimbursed) was allowed. A portion of the \$5,365.19 (\$6,767.90-\$1,822.71) remaining could be claimed and allowed since the total fixed fee reimbursed for L&I and I&O is \$256.08 less than the agreed to total fixed fee of \$199,200.
2. Because Amendment Two to the contract revised the total salaries to which the fixed fee for construction supervision was applied, the method of computing the fixed fee was also revised. The new method was applied retroactively to all invoices containing fixed fee for construction supervision which resulted in a net credit on invoices 30 of \$5,347.71. Recomputing this adjustment based on allowable salaries results in the following revised credit:

<u>Invoice Number</u>	<u>Allowable Salaries</u>	<u>Fee Computation Method</u>		<u>Credit</u>
		<u>215,800/860,876</u>	<u>13.5%</u>	
21.	\$ 227.27	\$ 56.97	\$ 30.68	\$ 26.29
22.	2,500.91	626.92	337.62	289.30
23.	5,180.46	1,298.61	699.36	599.25
24.	6,252.27	1,567.29	844.06	723.23
25.	6,238.10	1,563.73	842.14	721.59
26.	6,252.27	1,567.29	844.06	723.23
27.	9,321.59	2,336.69	1,258.41	1,078.28
28.	11,847.37	2,969.84	1,599.39	1,370.45
29.	11,555.57	2,895.69	1,560.00	1,336.69
Totals:	\$ 59,375.61	\$ 14,851.03	\$ 8,015.72	\$ 6,869.31
30.	11,531.77		1,556.79	(1,556.79)
Totals:	\$ 70,907.38		\$ 9,572.51	
Net Credit:				\$ 5,311.52

MAHANEI BASIN DEVELOPMENT I
PROJECT NO. 363-0056

DEA Insurance Reimbursed, Allowable, and Overpaid
From Inception through June 30, 1983

Inv. No.	Total DEA Insurance			LBII DEA Insurance			IECO DEA Insurance		
	Reimbursed	Allowable	Over(Under) Paid	Reimbursed	Allowable (Exhibit J)	Over(Under) Paid	Reimbursed	Allowable (Exhibit K)	Over(Under) Paid
1.	\$ 7,456.07	\$ 5,672.57	\$ 1,783.50	\$ 4,329.02	\$ 3,305.57	\$ 1,023.45	\$ 3,127.05	\$ 2,367.00	\$ 760.05
2.	3,005.96	2,341.73	624.23	1,585.04	1,273.85	311.19	1,420.92	1,107.88	313.04
3.	3,044.29	2,344.67	699.62	1,929.74	1,564.53	365.21	1,114.55	760.14	334.41
4.	2,441.23	1,616.95	864.28	1,785.93	1,260.19	525.74	695.30	356.76	338.54
5.	2,163.52	1,396.59	764.93	1,619.58	1,204.65	414.93	543.94	193.94	350.00
6.	2,117.96	1,544.91	573.07	1,811.17	1,462.18	348.99	306.81	82.73	224.08
7.	2,603.74	2,017.37	546.37	1,791.24	1,376.73	414.51	812.50	640.64	171.86
8.	2,580.54	1,892.24	648.30	1,795.76	1,315.66	480.10	744.78	576.58	168.20
9.	2,532.70	1,972.29	560.41	1,542.00	1,200.34	341.66	990.70	771.95	218.75
10.	2,501.00	2,014.21	486.79	1,427.40	1,174.88	252.52	1,073.60	839.33	234.27
11.	3,164.96	2,149.38	1,035.60	1,534.67	1,302.81	231.86	1,650.31	846.57	803.74
12.	2,468.96	1,192.18	1,276.78	1,439.28	880.12	559.16	1,029.68	312.06	717.62
13.	2,354.86	1,558.18	1,376.68	1,314.02	805.58	508.44	1,620.84	752.60	868.24
14.	2,801.22	1,710.89	1,090.33	1,104.16	878.12	226.04	1,697.06	832.77	864.29
15.	-0-	1,520.78	(1,520.78)	-0-	886.06	(886.06)	-0-	634.72	(634.72)
16.	-0-	1,695.75	(1,695.75)	-0-	1,055.23	(1,055.23)	-0-	640.52	(640.52)
17.	-0-	1,841.05	(1,841.05)	-0-	1,261.66	(1,261.66)	-0-	619.39	(619.39)
18.	7,390.31	2,014.09	5,376.22	4,721.97	1,422.16	3,299.81	2,668.34	591.93	2,076.41
18A.	895.27	-0-	895.27	741.73	-0-	741.73	153.54	-0-	153.54
19.	1,450.83	1,450.75	.08	1,084.27	1,084.19	.08	366.56	366.56	-0-
20.	2,247.96	1,120.81	1,127.15	1,392.10	1,100.35	291.75	855.86	20.46	835.40
21.	1,347.91	1,337.11	10.80	1,288.03	1,287.94	.09	59.88	49.17	10.71
22.	1,968.18	1,968.18	-0-	1,417.90	1,417.90	-0-	550.28	550.28	-0-
23.	2,436.29	2,436.29	-0-	1,482.53	1,482.53	-0-	953.76	953.76	-0-
24.	2,775.97	2,775.97	-0-	1,733.10	1,733.10	-0-	1,042.87	1,042.87	-0-
25.	2,537.11	2,537.11	-0-	1,754.17	1,754.17	-0-	782.94	782.94	-0-
26.	2,472.71	2,380.30	92.41	2,144.47	2,052.06	92.41	328.24	328.24	-0-

Inv. No.	Total DBA Insurance			LBII DBA Insurance			IECO DBA Insurance		
	Reimbursed	Allowable	Over(Under) Paid	Reimbursed	Allowable (Exhibit J)	Over(Under) Paid	Reimbursed	Allowable (Exhibit K)	Over(Under) Paid
27.	\$ 1,276.49	\$ 1,345.30	\$ (68.81)	\$ 937.77	\$ 1,006.57	\$ (68.80)	\$ 338.72	\$ 338.73	\$ (.01)
28.	1,432.36	1,411.88	20.48	1,052.38	1,031.90	20.48	379.98	379.98	-0-
29.	1,352.46	1,352.46	-0-	996.37	996.37	-0-	356.09	356.09	-0-
30.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
31.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
32.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
33.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Totals:	\$ 71,420.90	\$ 56,693.99	\$ 14,726.91	\$ 45,755.80	\$ 38,577.40	\$ 7,178.40	\$ 25,665.10	\$ 18,116.59	\$ 7,548.51

MALAWALI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Computation of DHA Insurance Allowable - 1981
From Inception Through June 30, 1983

Inv. No.	Salaries Allowable (Exhibit C)	Employees not covered by DHA (Note 1)			Total Non-DHA Salaries	DHA Salaries	DHA @ 8.75% Allowable
		Tordjman	Azrael-Ella	Sparagaren			
1.	\$ 49,474.97	\$ 5,697.00	\$ 0,000.00		\$ 11,697.00	\$ 37,777.97	\$ 3,305.57
2.	18,232.33	3,674.00			3,674.00	14,558.33	1,273.85
3.	21,307.59	3,427.22			3,427.22	17,880.37	1,564.53
4.	16,184.73	1,782.55			1,782.55	14,402.18	1,260.19
5.	16,845.39	3,078.00			3,078.00	13,767.39	1,204.05
6.	19,959.61	3,249.00			3,249.00	16,710.61	1,462.18
7.	18,689.37	2,955.27			2,955.27	15,734.10	1,376.73
8.	17,754.20	2,718.10			2,718.10	15,036.10	1,315.66
9.	16,562.18	2,844.00			2,844.00	13,718.18	1,200.34
10.	16,775.01	3,347.83			3,347.83	13,427.18	1,174.88
11.	21,627.40	3,500.00		\$ 3,238.10	6,738.10	14,889.30	1,302.81
12.	16,044.88	3,340.91		3,245.45	6,586.36	10,058.52	880.12
13.	15,792.99	3,340.91		3,245.45	6,586.36	9,206.63	805.58
14.	13,369.04	3,333.33			3,333.33	10,035.71	878.12
15.	13,398.19	3,271.74			3,271.74	10,126.45	886.06
16.	15,393.05	3,333.33			3,333.33	12,059.72	1,055.23
17.	17,743.97	3,325.00			3,325.00	14,418.97	1,261.60
18.	19,601.10	3,347.83			3,347.83	16,253.27	1,422.10
19.	15,731.63	3,340.91			3,340.91	12,390.72	1,084.19
20.	15,908.73	3,333.33			3,333.33	12,575.40	1,100.35
21.	18,219.32	3,500.00			3,500.00	14,719.32	1,287.04
22.	19,625.00	3,420.45			3,420.45	16,204.55	1,417.00
23.	20,363.65	3,420.45			3,420.45	16,943.20	1,482.53
24.	23,227.26	3,420.45			3,420.45	19,806.81	1,733.10
25.	23,460.32	3,412.70			3,412.70	20,047.62	1,754.17
26.	26,872.60	3,420.45			3,420.45	23,452.15	2,052.06
27.	12,750.01	1,246.38			1,246.38	11,503.63	1,006.57
28.	11,793.12					11,793.12	1,031.90
29.	11,387.08					11,387.08	996.37
30.	12,084.06				12,084.06	-0-	-0-
31.	10,861.11				10,861.11	-0-	-0-
32.	12,671.77				12,671.77	-0-	-0-
33.	11,275.00				11,275.00	-0-	-0-
Total:	\$591,586.66	\$88,081.14	\$ 0,000.00	\$ 9,729.00	\$150,702.08	\$440,884.58	\$38,577.40

Explanatory Note:

1. Tordjman in French, Azrael-Ella in Egyptian, and Sparagaren in Norwegian.

MAHANELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Computation of DBA Insurance Allowable - IEEO
From Inception through June 30, 1983

Inv. No.	Allowable Salaries (Exhibit D)	Employees not Covered by DBA (Note 1)							Total Non-DBA Salaries	DBA Salaries	DBA @ 8.75% Allowable
		Constable	Juqueta	Pascua	Almadro	Bongay-Icamen	Santos	De Dios			
1.	\$ 34,980.00	\$ 7,928.57	\$	\$	\$	\$	\$	\$	\$ 7,928.57	\$ 27,051.43	\$ 2,367.00
2.	13,361.50	3,700.00							3,700.00	12,661.50	1,107.88
3.	12,234.18	3,378.26							3,378.26	8,915.92	780.14
4.	7,440.91	3,363.64							3,363.64	4,077.27	356.76
5.	5,921.50	3,330.00	375.00						3,705.00	2,216.50	193.94
6.	3,445.45		2,500.00						2,500.00	945.45	82.73
7.	9,707.96		2,386.36						2,386.36	7,321.60	640.64
8.	8,970.47		2,380.95						2,380.95	6,589.52	576.58
9.	11,322.27		2,500.00						2,500.00	8,822.27	771.95
10.	12,201.31		2,608.91						2,608.91	9,592.40	839.33
11.	18,638.32		2,727.50	1,142.36	1,500.00	1,200.00	1,500.00	892.86	8,963.22	9,675.10	846.57
12.	12,301.75		2,603.52	2,290.91	1,159.09	1,193.18	409.09	1,079.55	8,735.34	3,566.41	312.06
13.	18,745.58		2,603.52	2,290.91	1,431.82	1,193.18	1,431.82	1,193.18	10,144.43	8,601.15	752.60
14.	19,638.76		2,597.62	2,285.71	1,428.57	1,190.48	1,428.57	1,190.48	10,121.43	9,517.33	832.77
15.	17,419.37		2,608.91	2,295.65	1,434.78	1,195.65	1,434.78	1,195.65	10,165.42	7,253.95	634.72
16.	17,155.61		2,597.62	2,285.71	1,428.57	1,190.48	1,142.57	1,190.48	9,835.43	7,320.18	640.52
17.	15,970.70		2,182.00	1,560.00	1,350.00	1,187.50	1,425.00	1,187.50	8,892.00	7,078.70	619.39
18.	16,825.93		2,608.91	2,191.30	1,434.78	1,195.65	1,434.78	1,195.65	10,061.07	6,764.86	591.93
19.	14,083.66		2,603.52	2,290.91	1,295.45	1,193.18	1,431.82	1,079.55	9,894.43	4,189.23	366.56
20.	9,521.90		2,597.62	2,285.71	1,428.57	357.14	1,428.57	1,190.48	9,288.09	233.81	20.46
21.	11,416.68		2,727.50	2,400.00	1,500.00	1,250.00	1,500.00	1,250.00	10,854.77	561.91	49.17
22.	19,371.12		2,730.00	2,343.52	1,503.41	1,250.45	1,503.41	1,250.45	13,082.15	6,288.97	550.28
23.	23,967.83		2,730.00	2,400.68	1,431.82	1,250.45	1,503.41	1,250.45	13,067.72	10,900.11	953.76
24.	22,256.18		2,400.68	1,503.41	1,250.45	1,431.82	1,250.45	2,500.91	10,337.72	11,918.46	1,042.87
25.	19,333.66		2,395.24	1,500.00	1,247.62	1,500.00	1,247.62	2,495.24	10,385.72	8,947.94	782.94
26.	14,041.59		2,400.68	1,503.41	1,190.91	1,503.41	1,190.91	2,500.91	10,290.23	3,751.36	328.24
27.	15,179.97		8,124.46	218.70	208.70	113.91	136.96	2,506.09	11,308.82	3,871.15	338.73

Inv. No.	Allowable Salaries (Exhibit D)	Employees not Covered by DBA (Note 1)							Total Non-DBA Salaries	DBA Salaries	DBA @ 8.75% Allowable	
		Constable	Jugueta	Pascua	Almadro	Bongay-Icamen	Santos	De Dios				Soria
28.	\$ 11,847.37	\$	\$ 2,723.81	\$	\$ 2,285.71	\$	\$	\$	\$ 2,495.24	\$ 7,504.76	\$ 4,342.61	\$ 379.98
29.	11,555.57		2,717.00		2,280.00				2,489.00	7,486.00	4,069.57	356.09
30.	11,531.77									11,531.77	-0-	-0-
31.	11,133.34									11,133.34	-0-	-0-
32.	11,963.59									11,963.59	-0-	-0-
33.	12,387.62									12,387.62	-0-	-0-
\$478,933.42		\$21,700.47	\$60,234.73	\$35,479.17	\$27,608.09	\$18,650.23	\$22,146.01	\$18,835.26	\$20,216.48	\$271,886.76	\$207,046.66	\$18,116.59

Explanatory Note:

Constable is British while Jugueta, Pascua, Almadro, Bongay-Icamen, Santos, De Dios and Soria are Filipinos.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

International Travel Costs Reimbursed, Allowable,
Questioned and Suspended from Inception through
June 30, 1983

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Suspended</u>
1.	\$ 11,304.76	\$ 3,834.25	\$	\$ 7,470.51
2.	17,839.74	4,400.23	50.00	13,389.51
3.	2,060.94	1,894.94	166.00	
4.	14,892.83	8,055.38	2,012.45	4,825.00
5.	1,781.91	1,781.91		
6.	2,369.72	2,369.72		
7.	4,254.62	902.62	3,352.00	
8.	(618.41)	(2,746.41)		2,128.00
9.	4,429.81	2,047.81		2,382.00
10.	4,148.01	524.36	50.65	3,573.00
11.	(1,220.40)	(1,220.40)		
12.	6,770.42	2,607.67	211.00	3,951.75
13.	3,034.30	2,963.03	71.27	
14.	710.11	710.11		
15.	7.00	7.00		
16.	1,379.16	1,379.16		
17.	36.00	36.00		
18.	3,579.34	2,310.84	77.50	1,191.00
19.	8,873.18	7,384.08	150.40	1,338.70
20.	681.52	681.52		
21.	2,522.37	2,522.37		
22.	1,344.00	1,192.00	152.00	
23.	-0-	-0-		
24.	8,173.27	8,173.27		
25.	4,774.37	3,759.11	160.60	854.66
26.	-0-	-0-		
27.	6,693.11	2,954.92	48.19	3,690.00
28.	5,274.03	3,708.03	70.00	1,496.00
29.	188.82	188.82		
30.	6,535.93	2,419.63		4,116.30
31.	5,556.39	5,556.39		
32.	6,121.28	3,920.26		2,201.02
33.	-0-	-0-		
Totals:	<u>\$133,498.13</u>	<u>\$ 74,318.62</u>	<u>\$ 6,572.06</u>	<u>\$ 52,607.45</u>

Explanatory Note:

Details of costs questioned and suspended are provided in Exhibit M for LBII and Exhibit N for IHD.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0058

Details of Unsupported International Travel Costs
for LBI from Inception through June 30, 1983

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Costs Questioned</u>		<u>Costs Suspended</u>	
			<u>Amount</u>	<u>Notes</u>	<u>Amount</u>	<u>Notes</u>
1.	\$ 11,304.76	\$ 3,834.25			\$ 7,470.51	1
2.	11,606.85	2,369.34			9,237.51	2
3.	104.52	104.52				
4.	3,042.16	266.16			2,776.00	3
5.	1,219.00	1,219.00				
6.	2,362.72	2,362.72				
7.	-0-	-0-				
8.	591.45	591.45				
9.	1,209.00	1,209.00				
10.	-0-	-0-				
11.	(2,235.99)	(2,235.99)				
12.	7,170.43	3,007.68	\$ 211.00	4	3,951.75	5
13.	394.74	323.47	71.27	6		
14.	127.60	127.60				
15.	-0-	-0-				
16.	5.10	5.10				
17.	-0-	-0-				
18.	208.62	208.62				
19.	8,873.18	7,384.08	150.40	7	1,338.70	8
20.	(46.35)	(46.35)				
21.	-0-	-0-				
22.	-0-	-0-				
23.	-0-	-0-				
24.	7,353.83	7,353.83				
25.	3,547.66	2,532.40	160.60	9	854.66	10
26.	-0-	-0-				
27.	47.00	47.00				
28.	3,882.39	2,386.39			1,496.00	11
29.	-0-	-0-				
30.	4,276.13	159.83			4,116.30	12
31.	5,556.39	5,556.39				
32.	2,114.24	(86.78)			2,201.02	13
33.	-0-	-0-				
Totals:	\$ 72,715.43	\$ 38,679.71	\$ 593.27		\$33,442.45	
	=====	=====	=====		=====	

Explanatory Notes:

1. \$ 985.00 This represents the airfare portion of Abouel-Ella's trip from Cairo to Colombo via Athens. The Athens/Colombo portion was reimbursed at the first class rate without the required certification that economy class was not available in accordance with Appendix C.I.E.2a of the contract. Therefore, a portion of the airfare should be refunded by the contractor.
- 1,277.00 This is the airfare portion of Jones' trip from Washington, D.C. to Colombo via London and Zurich. The D.C. to London portion of the trip was reimbursed at the business class rate. Also, the London/Zurich/Colombo portion was on Swiss Air even though appendix C.I.E.3a of the contract requires that American flag/Air Lanka or 941 country air carriers be utilized if available. At least a portion of Jones' airfare should be refunded by the contractor.
- 2,882.13 This represents the airfare and possibly other costs associated with Jewkes travel to Nigeria and Sri Lanka in September 1980. The total airfare was \$3,469. Neither the amount of the airfare allocated to this project or the basis for the \$2,882.13 claimed could be determined from documents on file at LBII headquarters or the project office in Colombo. However, his itinerary was shown as New York City/Amsterdam/Lagos/London/Colombo/London/New York City. The New York City to Amsterdam sector was on KLM business class and the London to New York City sector was on British Airways business class. The travel is not allowable from either a fare or American flag basis. Therefore, that portion of this claim representing the transatlantic airfare should be refunded by the contractor.
- 2,326.38 This is Tordjman's round trip airfare from Paris to Colombo. A receipt was on file, but there were no tickets or other documents on file in Colombo or at LBII headquarters to indicate the air carrier or the class of service.
- \$7,470.51 Costs suspended
2. \$1,114.01 This is the cost of Mrs. Tordjman's airfare from Paris to Colombo in November 1980. The receipt was available but no tickets or other documents were on file in Colombo or at LBII headquarters to indicate the air carrier used or the fare basis paid.
- 1,119.90 This charge was billed as excess baggage but is actually Tordjman's airfreight from Lyon, France to Colombo. The receipt was on file but no airway bill or other documents were on file in Colombo or at LBII headquarters to indicate the carrier used.

Explanatory Notes:

- 4,600.00 This is the cost of airfare for five members of the Arrabito family from New York City to Colombo to Madras, India. The Colombo/Madras sector reimbursed should be refunded by the contractor.
- 2,403.60 This is the cost of Arrabito's airfreight from New York City to Colombo. A receipt was on file but there was no airway bill or other documents in Colombo or at LBI headquarters to indicate the carrier used.
-
- \$9,237.51 Costs suspended
3. \$2,776.00 This is the cost of Shea's round trip from New York City to Colombo via London. The sector to and from London and New York were reimbursed on a business class basis without the required certification that economy class was not available. Therefore, the contractor should refund a portion of the airfare.
4. \$ 211.00 This is the added cost of O'Brien changing his return ticket from New York to Colombo to include Amsterdam after Frankfurt for personal reasons which added cost due to backtracking. His original routing was from Colombo to Washington, D.C. and return with several stops in Europe as described in number 5 below. The added cost is not allowable.
5. \$1,795.75 This is the cost of O'Brien's original routing for his May 1981 trip: Colombo/Zurich/Frankfurt/New York City/Washington, D.C./Paris/Colombo. All sectors were reimbursed at the business class fare without a certification on file as required by the contract that economy class was not available. Therefore, the contractor should refund a portion of this charge.
- 2,156.00 This is the constructed charge for Jewkes's trip from New York City to Colombo via London and Nigeria and return to New York City via Hong Kong and San Francisco in August 1981. His original planning document showed his entire trip on business and first class at a much higher fare. He revised his ticket in Colombo to return to New York via the Pacific rather than via Europe. The tickets and fare adjustments were not on file at Colombo or LBI headquarters to verify the use of economy travel or travel by preferred air carrier as required by amendment two to the contract. It is possible that all or a portion of the charge should be refunded by the contractor.
-
- \$3,951.75 Costs suspended

Explanatory Notes:

6. \$ 71.27 This is the charge for two long distance phone calls by Spaargaran during his August 1981 trip. Since they were not supported by receipts, the charge is not allowable.
7. \$ 150.40 This represents the unused portion of an extension to Mr. and Mrs. Dawood's airfare to Colombo which included an extra sector from Colombo to Madras at \$75.30 for Mr. Dawood and \$75.10 for Mrs. Dawood. These extra segments were returned to the airline for credit by the contractor but not refunded to the project.
8. \$1,338.70 This is the airfare (\$1,414.00 - 75.30) applicable to Mrs. Dawood's trip from New York City to Colombo via Zurich, Khartoum, Cairo, Delhi and Madras. This reimbursement was not based on the most direct route as required by the contract, and the entire trip was made on foreign carriers including Swiss Air from New York to Khartoum via Zurich. There was no certification on file at Colombo or IBII headquarters that preferred air carriers were not available as required by amendment two to the contract. A portion of this charge should be refunded by the contractor.
9. \$ 160.60 This is the unused portion of an extension to Madras at \$80.30 each for Mr. and Mrs. Gibbons in connection with their travel to Colombo from Chicago. These added segments were returned to the carrier for credit by the contractor but the refund was not passed on to the project. This charge is not allowable.
10. \$ 854.66 This is the airfare for Mrs. Dawood's return to New York City from Colombo entirely on KIM in June 1982. There was no certification on file at Colombo or IBII headquarters that preferred air carriers were not available as required by amendment two to the contract. Therefore, the allowability of the entire flight on KIM is questionable.
11. \$1,496.00 This is the return travel of Mr. & Mrs. Tordjman from Colombo to Marseilles via Paris on UT airlines. There was no certification on file at Colombo or IBII headquarters that preferred air carriers were not available as required by amendment two of the contract. Therefore, the allowability of the Colombo/Paris sector is questionable.
12. \$1,797.00 This is the cost of airline travel for Mr. & Mrs. Arrubito's home leave and for school vacation travel for their son. The first charge is for round trip transportation between Colombo and New York via Amsterdam on KIM. The second is for one way constructive travel from New York to Colombo which was actually made from Rio de Janeiro to London on Varig and London to Colombo on British Airways. The third
985.00
1,334.30
\$4,116.30

Explanatory Notes:

charge is for one way travel from Rio de Janeiro to Colombo via Amsterdam on KLM. Since there were no certifications of nonavailability of preferred air carrier on file at Colombo or IBII headquarters as required by amendment two of the contract, reimbursement of the KLM and British Airways portions of these trips is questionable.

13. \$2,201.02 This is the return travel of Mr. & Mrs. O'Brien at the completion of his assignment from Colombo to Washington, D.C. via Rome, Athens and Paris, in that order. The fare basis reimbursed for the entire trip was business class without the certification required by the contract that economy class was not available. Therefore, the contractor should refund the portion of the charge related to the upgrade to business class. Also, if the backtracking from Rome to Athens resulted in a higher fare, this should be refunded by the contractor since travellers are required by the contract to utilize the most direct route.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0058

Details of Unsupported International Travel Costs
for IECO from Inception through June 30, 1983

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Costs Questioned</u>		<u>Costs Suspended</u>	
			<u>Amount</u>	<u>Notes</u>	<u>Amount</u>	<u>Notes</u>
1.	\$ -0-	-0-				
2.	6,232.89	\$ 2,030.89	\$ 50.00	1	\$ 4,152.00	2
3.	1,956.42	1,790.42	166.00	3		
4.	11,850.67	7,789.22	2,012.45	4	2,049.00	5
5.	562.91	562.91				
6.	7.00	7.00				
7.	4,254.62	902.62	3,352.00	6		
8.	(1,209.86)	(3,337.86)			2,128.00	7
9.	3,220.81	838.81			2,382.00	8
10.	4,148.01	524.36	50.65	9	3,573.00	10
11.	1,015.59	1,015.59				
12.	(400.01)	(400.01)				
13.	2,639.56	2,639.56				
14.	582.51	582.51				
15.	7.00	7.00				
16.	1,374.08	1,374.08				
17.	36.00	36.00				
18.	3,370.72	2,102.22	77.50	11	1,191.00	12
19.	-0-	-0-				
20.	727.87	727.87				
21.	2,522.37	2,522.37				
22.	1,344.00	1,192.00	152.00	13		
23.	-0-	-0-				
24.	819.44	819.44				
25.	1,226.71	1,226.71				
26.	-0-	-0-				
27.	6,646.11	2,907.92	48.19	14	3,690.00	15
28.	1,391.64	1,321.64	70.00	16		
29.	188.82	188.82				
30.	2,259.80	2,259.80				
31.	-0-	-0-				
32.	4,007.04	4,007.04				
33.	-0-	-0-				
Totals:	\$60,782.70 *****	\$45,638.01 *****	\$5,978.79 *****		\$19,165.00 *****	

Explanatory Notes:

1. \$ 50.00 The \$213.97 reimbursed for English's travel expenses in August 1980 included \$100.00 for 20 kilograms of excess baggage between Singapore and Colombo. Only 10 kilograms of excess baggage are allowed per Exhibit C.I.E.2a of the contract. Therefore, half of the \$100.00 reimbursed is not allowable.

2. \$2,105.00 This represents the airfare portion of the \$2,212.80 billed for Clauzon's round trip travel from San Francisco to Colombo. The entire trip was reimbursed at the business class rate without the required certification that economy class was not available in accordance with Appendix C.I.E.2a of the contract. Therefore, a portion of the airfare should be refunded by the contractor.

2,047.00 This is the airfare reimbursed for English's round trip from San Francisco to Colombo via Singapore. Both sectors between San Francisco and Singapore were reimbursed on the business class fare basis without the required certification that economy class was not available. Therefore, the contractor should refund a portion of the airfare.

- \$4,152.00 Costs Suspended

3. \$ 166.00 This is the added cost of routing Belvis back to San Francisco through Manila and Honolulu on his trip to Colombo in September 1980. Appendix C.I.E.1 requires that travelers utilize the most direct, economical and expeditious routing available. His San Francisco to Colombo sector via Singapore cost \$879 while his Colombo/Singapore/Manila/Honolulu/San Francisco sector cost \$1,045, a difference of \$166.

4. \$1,888.45 This is the unsupported portion of the \$7,104.70 airline miscellaneous charge order for Baskin's trip to Sri Lanka. Two MCO's were purchased in the amounts of \$4,555.00 and \$2,549.70. Each was partially used in the amounts of \$1,386.00 and \$317.00, respectively. Thus, the unused balances were \$3,169.00 and \$2,232.70 or a total of \$5,401.70. A credit was made to the contractor's invoice 8 in the amount of \$3,513.25 for the unused MCO's. However, the difference between the credit and \$5,401.70, or \$1,888.45 was not supported by airline receipts or other documentation and is, therefore, not allowable.

- \$ 52.50 There was no receipt on file for this amount which was identified as excess baggage and claimed as part of the \$185.00 for Belvis' September 1980 travel expenses.

71.50 There was no receipt on file for this amount which was identified as excess baggage and claimed as part of the \$207.50 for Belvin' December 1980 travel expenses.

\$2,012.45

Costs questioned

5. \$2,049.00 This is the cost of Gonzalez's airfare from San Francisco to Colombo and return. The San Francisco to Bangkok sector was reimbursed at the business class rate without the certification that economy class was not available as required by Appendix C.I.E.2a of the contract. Therefore, a portion of the airfare should be refunded by the contractor.

6. \$2,044.00 This is the cost of Mousley's round trip from San Francisco to Colombo via Singapore in October 1980. Both sectors between San Francisco and Singapore were reimbursed at the business class fare without the required certification on file that economy class was not available. The contractor should refund a portion of this charge.

1,308.00 This is the airfare portion of Causing's round trip from San Francisco to Sri Lanka and Bangladesh during October 1980. The airfare reimbursed included a combination of first and business classes which was apparently shared by this project and one in Bangladesh. Since no certification was on file that economy class was not available, the contractor should refund a portion of this charge.

\$3,352.00

Costs suspended

7. \$2,128.00 This is the cost of Bateman's round trip from San Francisco to Sri Lanka and Indonesia during March 1981 to visit projects in both countries. The entire trip which cost \$2,166 was on business class and no certification was on file that economy class was not available. The contractor should refund a portion of the charge because of the unsupported upgrade and the cost of the trip should have been shared by the two projects.

8. \$2,382.00 This is the cost of Brown's airfare from San Francisco to Colombo via Singapore during April 1981. The entire trip was reimbursed at the business class rate, and no certification was on file that economy class was not available. The contractor should refund a portion of this charge.

9. \$ 31.50 The \$271.50 charge for Stoffel's travel expenses included 16 kilograms of excess baggage between Singapore and Colombo. Only 10 kilograms or 62.5 percent of the \$84.00 reimbursed is allowable per the contract. Therefore, \$31.50 should be refunded by the contractor.

- \$ 19.15** The \$287 charge for Loonhardt's travel expenses included 15 kilograms of excess baggage between Bangkok and Colombo. Only 10 kilograms or 66.7 percent of the \$57.50 reimbursed is allowable per the contract. Therefore, \$19.15 should be refunded by the contractor.
-
- \$ 50.65** Costs questioned
-
10. **\$1,191.00** This is the one way fare from San Francisco to Colombo via Singapore for Stoffel's trip in May 1981. The entire trip was reimbursed at the business class rate without a certification on file as required by the contract that economy class was not available. Therefore, the contractor should refund a portion of this charge.
- 2,382.00** This is the round trip fare from San Francisco to Colombo via Bangkok for Loonhardt's trip in May 1981. The entire trip was reimbursed at the business class rate without a certification on file that economy class was not available. Therefore the contractor should reimburse a portion of this charge.
-
- \$3,573.00** Costs suspended
-
11. **\$ 77.50** This is the unsupported amount reimbursed for airline tickets for Pascua's four dependents from Manila to Colombo. Tickets for \$611, \$311, \$311, and \$311 were on file plus a credit was issued for \$245.85 on invoice 29. There was evidence on file at IECC headquarters that this amount was an unused MCO for which IECC had requested a refund from the airline. Therefore, this charge is not allowable.
12. **\$1,191.00** This is the one way airfare for Stoffel from San Francisco to Colombo via Singapore in May 1981. The entire ticket was written and this segment reimbursed at the business class rate without a certification on file that economy class was not available as required by the contract. Therefore, a portion of this charge should be refunded by the contractor.

13. \$ 152.00 This is the difference between the amount reimbursed to the contractor for Ridinger's airfare from Colombo to Denver and the amount the contractor reimbursed Ridinger for the purchase of his ticket. The contractor paid him a lesser amount than the expense incurred because he returned to the States via an indirect route for personal reasons. There was no explanation why the higher amount was included in the contractor's invoice. Regardless, the overcharge is not allowable.
14. \$ 48.19 This is 2 kilograms excess baggage charge on Dixon's flight from San Francisco to Colombo in September 1982. The contractor was reimbursed for 12 kilograms or two more than authorized by the contract. The total charge for excess baggage was \$240.96 and was billed as part of the \$320.39 for travel expenses. The unauthorized charge is not allowable.
15. \$1,232.00 This is Dixon's airfare from San Francisco to Colombo via Tokyo and Singapore in September 1982. The reimbursement was based on the business class fare without the contractually required certification that economy class was not available. Therefore, a portion of this charge should be refunded by the contractor.
- 2,458.00 This is Poindexter's round trip airfare from San Francisco to Colombo via Singapore going and Hong Kong returning which began in July 1982. The reimbursement was based on the business class fare without the contractually required certification that economy class was not available. Therefore a portion of this charge should be refunded by the contractor.
- \$3,690.00 Costs suspended

16. \$ 70.00 This is approximately the amount overpaid to Jugueta by IECO for his home leave travel expenses. On computing his reimbursement, charges in Singapore dollars were apparently mistaken for U.S. dollars, which were about twice the value of the Singapore dollar. Therefore, the hotel charge of \$158.20 for one night plus airport tax of \$12.00 was paid at \$170.20 rather than at about half that in equivalent U.S. dollars. The excess charge is not allowable.

MALAWI BASIN DEVELOPMENT I
PROJECT NO. 383-0050

Other Direct Costs Reimbursed, Allowable, Questioned
and Suspended from Inception through June 30, 1983

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Suspended</u>
1.	\$ 538.39	\$ 229.59	\$ 308.80	\$
2.	1,545.81	1,027.01	488.80	30.00
3.	712.77	331.77	381.00	
4.	239.43	239.43		
5.	2,644.34	1,540.34	1,104.00	
6.	12,702.40	10,848.41	274.40	1,579.59
7.	8,692.49	7,424.80	46.00	1,221.69
8.	6,137.71	6,091.09		46.62
9.	5,710.14	4,517.88	69.00	1,123.26
10.	15,856.35	13,962.15		1,894.20
11.	3,967.13	3,567.53		399.60
12.	4,665.68	4,358.28	307.40	
13.	5,638.18	4,007.98		1,630.20
14.	19,624.71	16,868.22	1,497.21	1,259.28
15.	5,006.11	4,369.56		636.55
16.	2,116.73	515.69		1,601.04
17.	3.06	3.06		
18.	2,582.44	2,323.92		258.52
19.	5,058.60	3,655.26		2,003.40
20.	3,821.75	3,821.75		
21.	20,851.25	20,544.25		107.00
22.	950.23	700.63		249.60
23.	99.42	99.42		
24.	5,596.63	5,596.63		
25.	11,789.34	9,767.34		2,022.00
26.	-0-	-0-		
27.	611.95	521.95	90.00	
28.	647.86	647.86		
29.	2,649.83	2,447.51		202.32
30.	1,643.65	1,643.65		
31.	(2,198.11)	(2,198.11)		
32.	728.31	728.31		
33.	57.14	57.14		
Totals:	\$151,091.78	\$130,260.30	\$ 4,566.61	\$16,264.87

Explanatory Note:

Details of costs questioned and suspended are provided in Exhibit P for IDII and Exhibit Q for IID.

MAHAWELI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Details of Unsupported Other Direct Costs for
LBI from Inception through June 30, 1983.

<u>Invoice Number</u>	<u>Reimbursed</u>	<u>Allowable</u>	<u>Costs Questioned</u>		<u>Costs Suspended</u>	
			<u>Amount</u>	<u>Notes</u>	<u>Amount</u>	<u>Notes</u>
1.	\$ 538.39	\$ 229.59	\$ 308.80	1		
2.	17.34	17.34				
3.	322.90	33.40	289.50	2		
4.	-0-	-0-				
5.	2,644.34	1,540.34	1,104.00	3		
6.	794.88	520.48	274.40	4		
7.	-0-	-0-				
8.	3,512.05	3,512.05				
9.	355.76	286.76	69.00	5		
10.	-0-	-0-				
11.	2,469.18	2,469.18				
12.	1,138.91	831.51	307.40	6		
13.	2,240.06	2,240.06				
14.	1,922.46	425.25	1,497.21	7		
15.	1,900.91	1,900.91				
16.	1,759.36	278.32			\$ 1,481.04	8
17.	(448.02)	(448.02)				
18.	25.00	25.00				
19.	5,920.30	5,920.30				
20.	325.75	325.75				
21.	-0-	-0-				
22.	760.32	510.72			249.60	9
23.	-0-	-0-				
24.	5,490.55	5,490.55				
25.	9,997.93	7,975.93			2,022.00	10
26.	-0-	-0-				
27.	524.92	434.92	90.00	11		
28.	501.74	501.74				
29.	-0-	-0-				
30.	1,540.56	1,540.56				
31.	(2,198.11)	(2,198.11)				
32.	617.41	617.41				
33.	-0-	-0-				
Totals:	\$42,674.89 *****	\$34,981.94 *****	\$3,940.31 *****		\$ 3,752.64 *****	

Explanatory Notes:

1. \$ 308.80 The \$342.30 billing consisted of \$154.40 for air freighting office supplies from Newark, New Jersey to Colomb during October 1980 and the freight forwarder charges of \$187.90 which also included the air freight costs. The duplicate charge of \$154.40 is not allowable. Also, the air carrier for the entire shipment was Swiss Air, which was not an authorized carrier. Appendix C.I.E.3a of the contract requires that American flag carriers or Air Lanka be utilized, if available, before 941 country carriers. Therefore, the shipping charge of \$154.40 is not allowable.
2. \$ 289.50 The \$322.90 charge for shipping includes \$289.50 for air freight on Swiss Air (AB #085-6140-7721) from New Jersey to Colombo via Zurich in November 1980. Swiss Air is not an authorized carrier according to Appendix C.I.E.3a of the contract. Therefore, this amount is not allowable.
3. \$ 45.00 This charge was supported by DHL invoice 81095A which also was used in support of a \$45.00 charge on the contractor's invoice 8. This is a duplicate billing and, therefore, unallowable.
- 1,059.00 This amount was billed as freight for technical reference materials for canal design, but in fact this is the balance of Tordjman's air freight which exceeded his authorized limit. The contractor agreed with Tordjman's written request to represent this charge as eligible shipping costs to alleviate the personal expense. This not allowable.
- \$1,104.00 Costs questioned
4. \$ 274.40 This is the air freight portion of the freight forwarder charge billed at \$307.80. There was no airway bill on file in Colombo or at IBII headquarters, but the invoice indicated that the carrier was Swiss Air on AB #085-6140-9806. Swiss Air was not authorized by Appendix C.I.E.3a of the contract to carry this February 1981 shipment to Colombo. Therefore, the contractor should refund the shipping cost.
5. \$ 69.00 This amount represents a taxi fare charge by Greer between JFK airport and East Orange, New Jersey. This charge is not allowable because there was no receipt on file in support of it.
6. \$ 274.40 This is the freight cost of two shipments (AB #085-6203-
33.00 7135, 085-6203-8001) from New Jersey to Colombo on Swiss
\$ 307.40 Air in September and August 1981 that were billed at \$299.94
and \$66.61, respectively. There was no certificate on file that a preferred air carrier was not available as required by amendment two to the contract. Therefore, the contractor should refund these charges.

Explanatory Notes:

7. \$1,497.21 This charge duplicates the reimbursement allowed on invoice 13. LBII headquarters staff agreed that this amount had been erroneously billed twice and is not allowable.
8. \$1,481.04 This is the freight cost of an air shipment (AB #085-6984-5941) from New Jersey to Colombo via Zurich on Swiss Air in January 1982 that was billed at \$1,534.37. Since there was no certificate of nonavailability of preferred air carrier on file at Colombo or LBII headquarters, the allowability of this charge is questionable. It appears that the contractor should refund at least a portion of this charge.
9. \$ 249.60 This is the freight charge associated with a shipment (AB #085-6203-8454) from New Jersey to Colombo via Zurich on Swiss Air in July 1982 that was billed at \$285.20. Since there was no certificate on file at Colombo or LBII headquarters that a preferred air carrier was not available as required by amendment two to the contract, at least a portion of this charge should be refunded by the contractor.
10. \$2,022.00 This is the cost of shipping Snow's household effects to Colombo on Philippine Airlines from San Francisco to Singapore and Swiss Air from Singapore to Colombo in July 1982. Since there was no certificate on file at Colombo or LBII headquarters that a preferred air carrier was not available as required by amendment two to the contract, the Swiss Air portion of this reimbursement is questionable.
11. \$ 90.00 The \$114.42 reimbursement for O'Brien's storage was only \$24.42 for storage and \$90.00 for an access charge for labor and forklift rental. Such an access charge is normally allowable only at the completion of a tour of duty. Therefore, this amount should be refunded by the contractor.

MAHAWELE BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Detail of Unsupported Other Direct Costs for
IECO from Inception through June 30, 1983

Invoice Number	Reimbursed	Allowable	Costs Questioned		Costs Suspended	
			Amount	Notes	Amount	Notes
1.	\$ -0-	\$ -0-				
2.	1,528.47	1,009.67	\$ 488.80	1	\$ 30.00	2
3.	389.87	298.37	91.50	3		
4.	239.43	239.43				
5.	-0-	-0-				
6.	11,907.52	10,327.93			1,579.59	4
7.	8,692.49	7,424.80	46.00	5	1,221.69	6
8.	2,625.66	2,579.04			46.62	7
9.	5,354.38	4,231.12			1,123.26	8
10.	15,856.35	13,962.15			1,894.20	9
11.	1,497.95	1,098.35			399.60	10
12.	3,526.77	3,526.77				
13.	3,398.12	1,767.92			1,630.20	11
14.	17,702.25	16,442.97			1,259.28	12
15.	3,105.20	2,468.65			636.55	13
16.	357.37	237.37			120.00	14
17.	451.08	451.08				
18.	2,557.44	2,298.92			258.52	15
19.	(261.64)	(2,265.04)			2,003.40	16
20.	3,496.00	3,496.00				
21.	20,651.25	20,544.25			107.00	17
22.	189.91	189.91				
23.	99.42	99.42				
24.	106.08	106.08				
25.	1,791.41	1,791.41				
26.	-0-	-0-				
27.	87.03	87.03				
28.	146.12	146.12				
29.	2,649.83	2,447.51			202.32	18
30.	103.09	103.09				
31.	-0-	-0-				
32.	110.90	110.90				
33.	57.14	57.14				
Totals:	\$108,416.89 *****	\$95,278.36 *****	\$ 626.30 *****		\$12,512.23 *****	

Explanatory Notes:

1. \$ 209.80 There were no invoices, receipts or other documentation on file in Colombo or at IECC headquarters in support of the following charges billed together as materials at \$806.28:

\$ 42.95	Manuals and Handbooks
30.00	ASOCE-Publication of Design
<u>136.85</u>	W&PRS - Manuals
<u>\$209.80</u>	

- 279.00 This represents the cost of air freight from San Francisco to Colombo billed as part of the \$358.66 charge. The shipment was entirely on British Airways (AB #125-7550-6686) in October 1980. Appendix C.I.E.3a of the contract requires that American flag carriers or Air Lanka be utilized, if available, before 941 country carriers. British Airways is not a 941 country carrier and, therefore, is not authorized for reimbursement under this contract.

\$ 488.80 Costs questioned

2. \$ 30.00 This is the cost of air freight from San Francisco to Colombo billed as part of the \$358.66 charge. This shipment was entirely on Singapore Airlines (AB #618-3025-9482) in September 1980, and no statement that American flag carriers or Air Lanka was not available was on file. Since it is likely that American flag carriers were available at least across the Pacific, a portion of this charge should be refunded by the contractor.

3. \$ 91.50 This is the cost of air freight from San Francisco to Colombo via London on British Airways (AB #125-7550-6841) in November 1980. According to Appendix C.I.E.3a of the contract, British Airways is not an authorized carrier; therefore, the amount is not allowable.

4. \$1,579.59 This represents the shipping cost for three shipments billed at \$1,726.63. All three shipments were from San Francisco to Colombo via Pan Am to London and British Airways from London to Colombo. Two of the shipments (AB #026-3242-4674 and #026-3242-4663) were in January 1981 and the third (AB #026-3242-4711) was in February 1981. At this time British Airways was not an authorized carrier per Appendix C.I.E.3a of the contract. Therefore, the contractor should refund a portion of these shipping charges.

Explanatory Notes:

5. \$ 46.00 This is the shipping cost on a shipment (\$70.83) from San Francisco to Colombo via London on British Airways (AB #125-7550-6955) during December 1980. At that time British Airways was not an authorized carrier per Appendix C.I.E.3a of the contract. Therefore, the costs reimbursed should be refunded by the contractor.
6. \$ 625.32
598.37
\$1,221.69 Both of these charges are the shipping cost of shipments (\$698.39 and \$701.65) from San Francisco to London via Pan Am and London to Colombo via British Airways in December 1980 (AB #'s 026-3242-4593, 026-3242-4604). At that time British Airways was not an authorized carrier per Appendix C.I.E.3a of the contract. Therefore, a portion of these charges should be refunded by the contractor.
7. \$ 46.62 This is the shipping charge associated with a shipment (\$80.62) from San Francisco to London via Pan Am and London to Colombo via British Airways (AB #026-3787-8072) in March 1981. At that time British Airways was not an authorized carrier per Appendix C.I.E.3a of the contract. Therefore a portion of this charge should be refunded by the contractor.
8. \$1,123.26 This is the freight charge in connection with a \$1,218.27 shipment (AB #026-3787-8175) from San Francisco to London via Pan Am and London to Colombo via British Airways in May 1981. The reimbursement of the British Airways portion of this charge is questionable because the certificate of nonavailability of preferred air carrier required by amendment two to the contract was not on file in Colombo or at IECO headquarters.
9. \$1,894.20 This is the freight charge related to a \$1,938.77 air shipment (AB #026-2787-8116) from San Francisco to London via Pan Am and London to Colombo via British Airways in April 1981. The reimbursement of the British Airways portion is questionable because no certificate of nonavailability of preferred air carrier was on file in Colombo or at IECO headquarters as required by amendment two of the contract.
10. \$ 399.60 This is the freight portion of the \$482.13 air shipment (AB #026-3787-8374) from San Francisco to London via Pan Am and London to Colombo via British Airways in July 1981. The reimbursement of the British Airways portion is questionable because no certificate of nonavailability of preferred air carrier was on file at Colombo or IECO headquarters as required by amendment two of the contract.

Explanatory Notes:

11. \$ 267.50 These are the freight charges corresponding to three shipments
1,262.80 totalling \$1,748.77 from San Francisco to London via Pan Am
99.90 and London to Colombo via British Airways during August 1981.
\$1,630.20 The shipments were on airway bills 026-7103-3045, 026-7103-
3023 and 026-7103-3034. The reimbursement of the British
Airways portion of these charges is questionable because no
certificate of nonavailability of preferred air carrier was
on file in Colombo or at IECO headquarters as required by
amendment two of the contract.
12. \$ 144.45 These are the freight charges for four shipments from
51.00 San Francisco to London via Pan Am and London to Colombo via
51.00 British Airways during August and September 1981. These
1,012.83 four plus two others were billed as one at \$2,282.65.
\$1,259.28 The airway bills were 026-7103-3141, 026-7103-3056,
026-7103-3060 and 026-7103-3185, respectively. The reimburse-
ment of the British Airways portion of these charges is
questionable since no certificate of nonavailability of
preferred air carrier was on file at Colombo or IECO
headquarters as required by amendment two of the contract.
13. \$ 128.07 These are the freight charges for six shipments from San
118.02 Francisco to London via Pan Am and London to Colombo via
106.78 British Airways during October and November 1981. These
78.68 charges were billed as \$128.07, \$157.46, \$146.22, \$118.12,
60.00 \$130.70 and \$90.44 corresponding to airway bills 026-7103-
60.00 3196, 026-7103-3266, 026-7103-3281, 026-7103-3340, 026-7103-
3362 and 026-3787-8422, respectively. There was no explanation
why the billed amount for AB-3196 was less than the actual
freight charges. The reimbursement of the British Airways
portion of these charges is questionable since no certificate
of nonavailability of preferred air carrier was on file at
Colombo or IECO headquarters as required by amendment two
to the contract.
- 85.00 This is the freight charge associated with the \$119.44 air
shipment (AB #142-7906-3703) from Colombo to Paris via UTA
and Paris to San Francisco via Pan Am in November 1981.
The reimbursement of the UTA sector is questionable because
no certificate of nonavailability of preferred air carrier
was on file at Colombo or IECO headquarters as required by
amendment two of the contract.
- \$ 636.55 Costs suspended
14. \$ 60.00 These are the freight charges for two shipments (\$99.44 and
60.00 \$99.44) from San Francisco to London via Pan Am and London to
\$ 120.00 Colombo via British Airways during November 1981. The ship-
ments were on airway bills 026-3787-8444 and 026-3787-8492,
respectively. The reimbursement of the British Airways portion
of the charges was questionable since no certificates of non-
availability of preferred air carrier were on file at Colombo
or IECO headquarters as required by amendment two of the contract.

Explanatory Notes:

15. \$ 162.98
 95.54
 \$ 258.52
- These are the freight charges for two shipments (\$202.42 and \$148.54) from San Francisco to Colombo via London during January 1982. The first shipment was entirely on British Airways and airway bill 125-7732-9696. The second was on Pan Am to London and British Airways from London to Colombo on airway bill 026-3787-8584. The reimbursement of the British Airways sectors is questionable since no certificates of nonavailability of preferred air carrier were on file at Colombo or IECD headquarters as required by amendment two of the contract.
16. \$2,003.40
- This is the air freight charge associated with the Dieterich-Post procurement shipped (AB #026-7103-3071) from San Francisco to London via Pan Am and London to Colombo via British Airways in September 1981. The reimbursement of the British Airways sector is questionable because no certificate of nonavailability of preferred air carrier was on file at Colombo or IECD headquarters as required by amendment two of the contract.
17. \$ 107.00
- This is the freight charge associated with the \$145.44 shipment (AB #125-7732-9825) from San Francisco to Colombo via London on British Airways in April 1982. Since there was no certificate on file at Colombo or IECD headquarters that preferred air carriers were not available as required by amendment two of the contract, the contractor should refund at least a portion of this charge.
18. \$ 202.32
- This is the freight charge associated with the \$245.32 shipment (AB #001-9881-4704) from San Francisco to New York on American Airlines and from New York to Colombo via Amsterdam on KLM in December 1982. Since there was no certificate on file at Colombo or IECD headquarters that preferred air carriers were not available as required by amendment two to the contract, the contractor should refund a portion of this charge.

MAHAWEI BASIN DEVELOPMENT I
PROJECT NO. 383-0056

Allowable and Unsupported Costs for Liquidated Equipment
Advances from Inception Through June 30, 1983

<u>Advance Number</u>	<u>Advance Amount</u>	<u>Allowable</u>	<u>Questioned</u>	<u>Note</u>	<u>Suspended</u>	<u>Note</u>
1	\$ 85,000.00	\$ 85,000.00				
2	151,046.00	151,046.00				
3	44,790.83	43,733.71	\$529.08	1	\$528.04	2
	<u>\$280,836.83</u>	<u>\$279,779.71</u>	<u>\$529.08</u>		<u>\$528.04</u>	

Explanatory Notes:

1. \$454.08 This is the cost of shipping the Hach portable turbidimeter claimed in total at \$2,494.08 on invoice 13. The shipment was entirely on KLM from Chicago to Colombo in March 1981. At that time KLM was not an authorized air carrier per the contract; therefore, this charge is not allowable.

75.00 This is the difference between the cost for shipping and insurance identified on the Hach Chemical Company invoice for the portable turbidimeter as \$529.08 and the \$454.08 supported by the airway bill. The balance of \$75.00 charged on invoice 13 was not supported by any documentation at Colombo or IECO headquarters.

\$529.08 Costs questioned

2. \$528.04 This is the cost of shipping the Millipore Intertech portable water laboratory claimed in total at \$5,488.82 on invoice 13. The shipment was entirely on Swiss Air from Boston to Colombo in July 1981 without a certification on file that preferred air carriers were not available as required by amendment two to the contract. Therefore, the contractor should refund at least a portion of this charge.

MAHAWELE BASIN DEVELOPMENT I
PROJECT No. 383-0056

Disbursements Under Loan 383-T-024 Other Than
to IBIT/IBCO from Inception through June 30, 1983

<u>Disbursement Authorization Number</u>	<u>Date Paid</u>	<u>Voucher Number</u>	<u>Authorized Amount</u>	<u>Amount Disbursed</u>	<u>Undisbursed Amounts</u>
2	7-21-81	00708		\$ 750.00	
	8-11-81	81117		1,845.71	
	10-27-81	82004		723.89	
	4-9-82	20393		210.25	
	4-27-82	20694		125.00	
	6-7-82	21135		1,095.00	
	6-7-82	21136		1,095.00	
	6-18-82	21211		3,475.40	
	8-28-82	21904		300.00	
	9-3-82	21904		548.00	
	9-17-82	22004		2,149.69	
	10-5-82	21947		4,000.00	
	10-13-82	30038		825.00	
	10-13-82	30076		150.00	
	10-20-82	30023		12,008.55	
	10-20-82	30102		10,088.00	
	10-21-82	3100128		8,721.00	(Note 1)
	10-22-82	30103		838.59	
	10-26-82	30047		185.28	
	12-6-82	30624		200.00	
	12-15-82	30621		424.00	
	12-15-82	30622		424.00	
	12-31-82	30216		2,944.00	
	1-7-83	30732		542.69	
	1-11-83	30801		46.51	
	2-11-83	31008		368.83	
	Total 2			\$ 65,000.00	\$54,084.39
3	2-2-82	08239		\$11,346.72	
	6-18-82	21197		2,000.00	
	4-8-83	00639		3,452.07	
	4-26-83	31743		990.32	
	4-26-83	31744		2,160.65	
Total 3			\$ 22,500.00	\$19,949.76	\$ 2,550.24
4	3-26-82	2100673	\$ 71,682.29	\$71,682.29	-0-
5	6-16-83	3101525	\$ 30,000.00	\$27,842.00	\$ 2,158.00
6	4-21-83	3150268	\$ 40,000.00	\$38,225.00	\$ 1,775.00
7	6-14-83	3101508		\$42,550.00	
	8-16-83	3101524		42,489.76	
Total 7			\$ 90,000.00	\$85,040.66	\$ 4,959.34
TOTALS:			\$257,582.29	\$229,824.10	\$ 27,758.19

Explanatory Notes:

1. The payee on this disbursement was identified as World Wildlife, but no documentation was on file at the USAID to support it.

LIST OF RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 1</u>	
The Director, USAID/Sri Lanka should review and assist the GSL in resolving the costs questioned and suspended which are detailed in the exhibits to this report and summarized in Exhibits A and A.1.	3
<u>Recommendation No. 2</u>	
The Director, USAID/Sri Lanka should assure (1) that actions are taken by the GSL to secure the revision of contractor accounting procedures and internal controls to provide better accountability over the AID-provided funds and (2) that the billings reimbursed after invoice 33 are reviewed for compliance with the contract provisions relating to salaries, travel and transportation.	10
<u>Recommendation No. 3</u>	
The Director, USAID/Sri Lanka should either (1) recover the funds provided to the GSL for the procurement of the unused equipment, or, (2) identify an organization within the GSL which can make use of it and take the actions necessary to expedite its transfer to that agency.	11
<u>Recommendation No. 4</u>	
The Director, USAID/Sri Lanka should make a determination as to whether the funding provided for the procurement of the water and pesticide analysis equipment was properly utilized in support of project activities. If not, the USAID should seek recovery of the \$27,218 provided.	12

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Recommendation No. 5

The Director, USAID/Sri Lanka should assure that a complete inventory of all equipment purchased for this project is conducted by the contractor and that the results of the inventory be reconciled to the total equipment purchased.

13

Recommendation No. 6

The Director, USAID/Sri Lanka should determine whether the funds in question have been properly paid to World Wildlife, and either properly document said payment, recover the funds if not properly paid for a valid obligation, or take other appropriate actions as necessary.

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LIST OF REPORT RECIPIENTS

<u>USAID/Sri Lanka</u>	
Director	5
<u>AID/W</u>	
Bureau For Asia	
Assistant Administrator (AA/ASIA)	2
Office of Pakistan, Nepal and Sri Lanka Affairs (ASIA/PNS)	1
Audit Liaison Officer	1
Bureau For Science and Technology	
Assistant Administrator (AA/S&T)	2
Office of Agriculture (S&T/AGR)	3
Office of Rural and Institutional Development (S&T/RD)	1
Audit Liaison Officer	1
Bureau For Program and Policy Coordination	
Office of Evaluation (PPC/E)	1
PPC/E/DIU	2
Bureau For Management	
Assistant to the Administrator for Management (AA/M)	1
Office of Financial Management (M/FM/ASD)	2
Directorate for Program and Management Services	
Office of Management Operations (M/SER/MO)	1
Office of Contract Management (M/SER/CM)	1
Bureau For External Relations	
Office of Legislative Affairs (EXRL/LEG)	1
Office of General Counsel (GC)	1
Office of Public Affairs (OPA)	2
Office of Inspector General:	
Inspector General (IG)	1
Communications and Records Office (IG/EMS/C&R)	12
Policy, Plans and Program (IG/PPP)	1
Regional Inspectors General for Audit:	
RIG/A/W	1
RIG/A/Nairobi	1
RIG/A/Manila	1
RIG/A/Cairo	1
RIG/A/Latin America	1
RIG/A/Dakar	1
<u>Other</u>	
RIG/II/Karachi	1