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**AUDIT OF THE ASEAN ENERGY
CONSERVATION AND MANAGEMENT
PROJECT NO. 498-0285**

**AUDIT REPORT NO. 2-498-90-06
April 27, 1990**

Although the project has contributed to the efficient use of energy in the ASEAN region, systems for effectively monitoring project progress, long-term training, host country contributions, technical assistance contracts and financial activities have not been implemented.

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT
MANILA

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DATE: April 27, 1990

MEMORANDUM

TO: Lawrence J. Ervin
A.I.D. Representative to ASEAN

FROM: *for Dennis Smith*
William C. Montoney
Regional Inspector General

SUBJECT: Audit of the ASEAN Energy Conservation
and Management Project No. 498-0285
Audit Report No. 2-498-90-06

The Office of the Regional Inspector General for Audit/Manila has completed its Audit of the ASEAN Energy Conservation and Management project. Five copies of the audit report are provided for your action.

The draft report was submitted to you for comment and your comments are attached to the report. The report contains six recommendations. Recommendation No. 6b is closed on issuance of the report. Recommendation Nos. 1, 2, 4, 5a, 5c and 6a are resolved and can be closed when actions in process are completed. Recommendation Nos. 3 and 5b are unresolved pending agreement on a responsive plan of action.

I appreciate the courtesy and cooperation extended to my staff during the audit.

EXECUTIVE SUMMARY

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 by the governments of Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei Darussalam became the sixth member in 1984. The principal objectives of the ASEAN regional program include strengthening regional institutional capabilities, facilitating technical exchanges, and enhancing the private sector's role in development.

The purpose of the ASEAN Energy Conservation and Management project was to foster policies that encouraged both public and private sector adoption of energy efficient building design and maintenance and to enhance institutional and human resource development in the field of energy and technology management. A.I.D. financed the project with a five-year \$5.0 million grant. The ASEAN countries were to contribute \$2.1 million for operational and support costs, primarily in-kind contributions of existing property, services and other facilities.

The project has contributed to the efficient use of energy in the ASEAN region, especially through institutional and human resource development. The audit, however, demonstrated the need for stronger A.I.D. oversight. Problem areas identified by the audit include

- project accomplishments could not be measured;
- participant training activities were not monitored;
- host country contributions were less than planned; and
- controls over financial activities were weak.

The audit included reviews of compliance with laws and regulations related to the findings. After reviewing the draft audit report, the ASEAN RDC agreed to make most of the recommended changes or requested additional information in order to determine how best to respond.

Office of the Inspector General

Office of the Inspector General

April 27, 1990

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
INTRODUCTION	1
Background	1
Audit Objectives	3
Scope and Methodology	3
RESULTS OF AUDIT	6
Project Success is Unknown Because Project Accomplishments Could Not Be Measured	7
A Participant Training Monitoring System Does Not Exist	11
ASEAN Host Country Contributions Were Less Than Planned	17
Administrative Approval and Voucher Review of Technical Assistance Contract Disbursements Was Weak	20
Controls Over Grant Disbursements Need Improvement	24
COMPLIANCE	27
INTERNAL CONTROLS	28

Exhibit

LIST OF VERIFIABLE INDICATORS

1

Appendix

MANAGEMENT COMMENTS

I

RECOMMENDATIONS

II

REPORT DISTRIBUTION

III

INTRODUCTION

BACKGROUND

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 by the governments of Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei Darussalam became the sixth member in 1984. The principal objectives of the ASEAN regional program include strengthening regional institutional capabilities, facilitating technical exchanges, and enhancing the private sector's role in development.

The purpose of the ASEAN Energy Conservation and Management project was to foster policies that encouraged both public and private sector adoption of energy efficient building design and maintenance and to enhance institutional and human resource development in the field of energy and technology management. The project was financed by A.I.D. with a five-year \$5.0 million grant. The period of performance was July 30, 1985, through July 31, 1990. The ASEAN countries were to contribute \$2.1 million for operational and support costs, primarily in-kind contributions of existing property, services and other facilities. As of October 31, 1989, project obligations and expenditures totaled \$4.3 million and \$3.1 million, respectively.

Project management and administrative responsibilities were provided by the ASEAN Regional Development Office (RDO) in coordination with the A.I.D. Bureau for Asia, Near East and Europe Energy Advisor. In addition, there were two technical assistance contracts and two subcontracts awarded. Each country designated a national agency with implementation responsibilities except Brunei, which did not participate in the project.

The major technical assistance contract was arranged through a Participating Agency Service Agreement (PASA) with the Department of Energy to obtain the services of Lawrence Berkeley Laboratory (LBL), California, for technical assistance and training in energy conservation for buildings and energy management. The total amount obligated through October 1989 was \$2.8

million. The contractor subcontracted with TEM Associates, Inc., California, for technical and management support services and JST Conference Management Centre Pte., Ltd., Singapore, to provide support services to research centers in the participating ASEAN countries. The total amount of each subcontract was not available at the ASEAN RDO.

Additional technical assistance was provided under a contract amendment with A.I.D.'s Bureau for Science and Technology (S&T). This buy-in arrangement with the Institute of International Education (IIE), New York, was to provide energy management and coal technology training in the United States and Malaysia. The project was to provide IIE with \$900,000 in training costs. The total amount of the contract amendment was not available at the ASEAN RDO.

In-country training was provided through a \$575,000 grant to the Asian Institute of Technology (AIT), Bangkok, Thailand. The purpose of the grant was to provide financial assistance for the coordination of training and related activities to strengthen ASEAN institutional and human resource capabilities in energy planning and renewable energy technologies. Grant components consisted of formal training, the provision of a technical energy advisor at AIT and the development of an information exchange center.

Research activities were to be carried out by national agencies in each of the participating ASEAN countries. The coordinating agencies were the Ministry of National Development in Singapore; the Standards and Industrial Institute of Malaysia; the Ministry of Public Works in Indonesia; the Ministry of Science, Technology and Energy in Thailand; and the Ministry of Energy in the Philippines.

AUDIT OBJECTIVES

The Office of the Regional Inspector General for Audit/Manila made a performance audit of the ASEAN Energy Conservation and Management project to determine whether the project was being efficiently and economically implemented and was achieving the intended results. The specific objectives of the audit were to determine whether

- project accomplishments were measured and achieved;
- an effective participant training monitoring system had been established;
- host country contributions were provided as planned;
- technical assistance contract disbursements were properly monitored; and
- the financial management practices of the ASEAN RDO and USAID Controller were adequate.

The audit included reviews of compliance with laws and regulations and internal controls relating to the audit objectives.

SCOPE AND METHODOLOGY

To accomplish our audit objectives, we reviewed project files, progress reports and other pertinent records maintained at the ASEAN RDO and financial records maintained at the USAID Controller's office in Bangkok, Thailand. We also reviewed financial records at the USAID Controller's office in Manila, Philippines. These records, for project disbursements during the early years of the project, were not transferred to Thailand when the ASEAN RDO was relocated in 1988.

We interviewed key officials from the ASEAN RDO, the A.I.D. Bureau for Asia, Near East and Europe technical advisor, the LBL project leader, USAID financial personnel located in Manila and Bangkok, host country officials and training participants from the Philippines and Thailand. Visits were made to the JST Management Conference Centre Pte., Ltd., in Singapore, the Asian Institute of Technology in Thailand, the Philippine Council for Industry and Energy Research and Development and the King Mongkut's Institute of Technology. The latter two were the implementing agencies responsible for research in the Philippines and Thailand, respectively.

The scope of the audit was limited because of the lack of documentation at the ASEAN RDO for the technical assistance contracts. The ASEAN RDO was not required to maintain detailed records to support project disbursements for the PASA between A.I.D. and the Department of Energy and for the S&T buy-in with the Institute of International Education. We relied on Mission financial reports, advices of charge, vouchers supported by contractor summary accounting records and progress reports. Supporting documentation from the coordinating agencies located in Indonesia, Malaysia and Singapore were not reviewed because our work in Thailand and the Philippines was considered sufficient. In total, we audited approximately \$700,000 in grant funds and tested approximately \$1.2 million in technical assistance contract costs.

To test project performance, we reviewed the logical framework contained in project planning documents and verified whether the indicators of project accomplishment were measured and achieved; interviewed 19 of 30 ASEAN training participants who graduated from AIT to determine if the ASEAN RDO had established an effective participant training monitoring system; validated cash and in-kind contributions provided by the countries of Thailand and the Philippines to determine if contributions were made as planned; reviewed project disbursements for the technical assistance contracts to determine if these contracts were properly monitored; reviewed USAID accounting procedures to ensure that disbursements were properly authorized and adequately supported; and verified whether USAID advances to AIT were in accordance with the grant agreement. Also, internal controls applicable to our review objectives were assessed.

Audit work was performed during September and October 1989. This was the first audit of this project. The audit was made in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

The project has contributed to the efficient use of energy in the ASEAN region, especially through institutional and human resource development. The audit, however, demonstrated the need for stronger A.I.D. oversight. Problem areas identified by the audit include:

- project accomplishments were not measured;
- participant training activities were not monitored;
- ASEAN host country contributions were less than planned;
- disbursements under technical assistance contracts were not monitored; and
- controls over financial activities were weak.

To maximize project benefits, the ASEAN RDO should develop quantifiable indicators for measuring project accomplishments, establish procedures for monitoring the participant training component, identify the extent of host country contributions, ensure that technical assistance contracts have been audited, and provide more effective control over grant disbursements. In addition, the questionable disbursements identified in the report need to be resolved.

PROJECT SUCCESS IS UNKNOWN BECAUSE PROJECT ACCOMPLISHMENTS COULD NOT BE MEASURED

A.I.D. regulations specify that good project design should permit and facilitate the measurement of progress toward planned targets. Although the project has contributed to energy conservation and promoted energy policies in the ASEAN region, project objectives were not designed to allow their actual achievement to be measured. This occurred because ASEAN RDO officials did not include quantifiable indicators of progress in project planning documents. Because project accomplishments could not be measured, ASEAN RDO officials did not know the extent to which project objectives had been achieved.

Recommendation No. 1

We recommend that the ASEAN RDO prepare an order identifying procedures to be used for designing regional projects which requires that ASEAN projects

- be designed in accordance with A.I.D. Handbook guidelines,
- contain realistic objectives, and
- include quantifiable indicators that facilitate the measurement of progress toward achieving project objectives.

The project purpose was not expressed quantitatively and six of the seven verifiable indicators identified in project planning documents as the basis for measuring project accomplishments were not quantified (see Exhibit 1). Further, baseline studies were not conducted during project design and an effective system for gathering information to measure project accomplishments had not been fully implemented.

A.I.D. Handbook 3 defines project objectives as the highest order of design tasks and states that their subsequent pursuit should be the central focus about which all other project aspects are molded. It also provides that project design should contain a precise definition of project objectives and permit and facilitate the measurement of progress toward achieving the objectives. Accordingly, the absence of quantitative indicators of progress, the lack of baseline studies or not having a system to measure project accomplishments, makes it virtually impossible to measure the achievement of project objectives.

Audit work showed that progress had been made in the areas of energy conservation and management. For example, eleven separate training activities were carried out relating to energy analysis, energy auditing methods, standards development and natural ventilation research. In addition, 24 in-country research projects on energy building standards were initiated. Although these accomplishments are meaningful, they do not provide an accurate indicator of project progress because project objectives and related indicators were not expressed quantitatively in project planning documents.

Had they been expressed quantitatively, project accomplishments could have been measured, and success may have been equal to or greater than planned. For example, one of the designed indicators was "increased managerial capacity in coal technologies in national electricity authorities". The project did conduct training in coal technologies, and it follows that increased managerial capacity resulted from this training. How much of an increase, however, could not be measured. Had the number of people to be trained been identified or some other measurement been expressed in the project design, this indicator could have been measured and evaluated.

The indicators that were expressed in the project design were also vague. Indicators called for stronger public policy commitment, improved national energy plans, and policies that encourage both public and private sector adoption of energy efficient building design and maintenance. Such generalizations do not realistically identify what results are expected from the project. Project evaluators attempted to deal with the vagueness of the indicators in a 1989 review by subjectively concluding that project success

ranged from somewhat successful to successful.

While they would be of little value without quantifiable objectives and verifiable indicators, baseline studies to be conducted during project design were not made. Also, an effective system for gathering information to measure project accomplishments had not been implemented. Progress reports from participating activities and site visits to the ASEAN countries were the means by which information was gathered to assess project accomplishments. Although the ASEAN RDO Director could not provide information which demonstrated that project objectives had been attained quantitatively, he did believe that sufficient information was gathered to show that the objectives had been attained. However, because project objectives were not expressed quantitatively, the ASEAN RDO could not measure the extent to which project accomplishments had been achieved.

We believe the ASEAN RDO should have developed revised verifiable indicators that would have been valid for measuring project accomplishments. However, because no additional A.I.D. assistance is contemplated under this project, we do not believe that redesign of the verifiable indicators of progress would be cost effective or practical at this time. Instead, the ASEAN RDO should prepare an internal order identifying procedures for designing regional projects. The order should require that ASEAN projects be designed in accordance with A.I.D. Handbook guidelines, including planning documents that contain quantifiable objectives and verifiable indicators that measure progress toward achieving these objectives.

Management Comments

The ASEAN RDO concurred with the audit finding and agreed to prepare an order identifying procedures to be used for designing regional projects. In commenting on the finding, the ASEAN RDO agreed that past planning documents were not designed to include specific indicators for measuring project accomplishments and that steps were being taken to ensure that future project objectives and indicators would be expressed quantitatively. For example, the ASEAN Private Investment and Trade Opportunities project

contained verifiable indicators of progress that were specific and could be measured quantitatively.

Office of the Inspector General Comments

The actions promised by the ASEAN RDO are responsive to the audit recommendation. Accordingly, Recommendation No. 1 is considered resolved and can be closed once the regional order for designing projects is completed.

A PARTICIPANT TRAINING MONITORING SYSTEM DOES NOT EXIST

Over \$2.2 million in project funds were spent for participant training without assurance that students were reintegrated into the project or that AID-financed training costs were appropriate. This occurred because the ASEAN RDO had not established an effective participant training monitoring system that complied with A.I.D. requirements. Because an adequate system was not implemented, it was not known how effectively training funds were utilized. A.I.D. policy states that all participant training, no matter how funded, managed or implemented, is subject to the policies, procedures and reporting requirements of A.I.D. Handbook 10.

Recommendation No. 2

We recommend that the ASEAN RDO establish follow-up procedures for monitoring participants who have completed AID-financed certificate training programs lasting at least three-months.

Recommendation No. 3

We recommend that the ASEAN RDO

- a. obtain a waiver from the Bureau for Asia, Near East and Europe for approximately \$117,000 in international travel costs which were paid from project funds,
- b. recover AID-financed training costs totaling \$1,789 for two participants who flew non-U.S. flag air carriers in connection with their training requirements, and
- c. determine which participants were not reintegrated into the project upon completion of the training and recover AID-financed training costs in those cases where no adequate justification exists for not reintegrating the students into the project.

A.I.D. Policy states that all A.I.D. participant training, no matter how funded, managed or implemented, is subject to the policies, procedures and reporting requirements of A.I.D. Handbook 10. This Handbook specifies that A.I.D. project officers are responsible for ensuring that the participant training sponsored by their projects is appropriate, cost effective and in conformance with the policies, requirements and procedures of the Handbook. There is no provision in the Handbook excluding regional training programs from these requirements. For technical assistance contracts, the project officer is responsible for assuring that the contractor and host country counterparts are aware of Handbook 10 requirements. Each technical assistance contract under this project contained a clause stating that training conducted would be in accordance with A.I.D. Handbook 10 requirements.

A follow-up system was not established - About \$575,000 was spent to provide training in energy planning or energy technology at the Asian Institute of Technology (AIT) in Bangkok, Thailand. The training provided consisted of three-month certificate programs which fall under AID follow-up requirements.

Handbook 10, Chapter 35 provides that general follow-up activities will be conducted for participants who were trained for a period of three months or longer. These activities are important as they encourage friendship and understanding between the United States and other countries by continuing to broaden the returned participants' knowledge about the United States, its people, institutions, culture and about American goods and services. Another important aspect of follow-up monitoring is to ensure that participants are reintegrated into the project so they can apply their learned skills to the development-related activities for which the training was authorized. Follow-up is a two-part process that includes: (1) activities for returned participants designed to further the technical and non-technical objectives of all AID-sponsored participant training; and (2) the maintenance of records on former participants so that they can be contacted should the need arise. A.I.D. is to maintain personal and/or written contact with returned participants for a minimum of three years.

We were able to contact 19 of the 30 students who completed at least three

months of training under the AIT grant. Not one of the students had been contacted by A.I.D. after completing the training. Two Thai students were not aware that A.I.D. had financed their training and six participants were not working in project-related activities. Five of the students were pursuing advanced degrees and one participant had resigned from his job shortly after completing the training. The ASEAN RDO was not aware that these trained participants had not been reintegrated into project activities.

According to the ASEAN RDO Director, the reason their monitoring of participant training did not comply with Handbook 10 requirements was because of the unique nature of these regional projects and the lack of resources to implement an effective system. The ASEAN program is perceived as being politically motivated with priority given to providing operational projects. The ASEAN RDO indicated that these regional programs were complex, difficult to manage and presented numerous obstacles to data gathering because of the number of countries and organizations involved. Because a monitoring system was not established, follow-up activities were not conducted.

We believe the ASEAN RDO should establish follow-up procedures for monitoring the project's training component through project completion and beyond, as required by A.I.D. regulations. Also, the ASEAN countries participating in this project should assist in project monitoring by submitting a final report showing the location of each participant, how the learned skill was utilized and how the training contributed to the objectives of the project.

Some participant training costs were inappropriate - At least \$117,000 in project training costs were paid by A.I.D. even though payment should not have been authorized. These costs included expenses for international air travel and an undetermined additional amount for trained students who had signed commitment documents indicating that they would return to their former position upon completion of the training but did not.

Approximately \$117,000 in project funds were utilized for international air travel. A.I.D. Handbook 10, Chapter 16 requires the cost of international air travel to be paid by the host country or by some other non-A.I.D. source, unless waived. The ASEAN RDO had not obtained a waiver for the ASEAN Energy Conservation and Management project. The ASEAN RDO contended that a precedent had been established in that payment of international travel by A.I.D. was commonplace on all ASEAN projects. A March 24, 1982 waiver for participant travel under the ASEAN Energy Cooperation in Development project was provided as evidence. Project planning documents and the project agreement did not identify the host countries as financially liable for international air travel. Because of this, it must be assumed that A.I.D. intended to pay international air travel costs even though such action conflicts with Handbook guidance. Accordingly, the ASEAN RDO should obtain a waiver from the Bureau for Asia, Near East and Europe permitting the payment of international air travel by A.I.D. in accordance with A.I.D. guidelines.

In two instances participants flew non-U.S. flag air carriers to the United States even though U.S. flag service was available. Handbook 10, Chapter 16 provides that AID-funded travel must be on a U.S. flag carrier unless such carriers do not operate from a host country, in which case participants are to be transferred to a U.S. flag carrier at the first practical exchange point. Two Philippine participants attended training in the United States and flew foreign carriers from the Philippines to the United States and return. One participant flew Japan Air Lines at a cost of \$945 to attend a training course in June 1989. The other participant flew Philippine Air Lines at a cost of \$844 to attend a workshop in October 1987. Several American carriers provide service between the Philippines and the United States. JST Management Conference Centre PTE., Ltd., the organization responsible for arranging the travel, indicated that they were not familiar with A.I.D. regulations and had arranged for the most economical fares available at the time.

A.I.D. Handbook 10, Chapter 33 states that participants, upon completion of AID-sponsored training programs, are obligated to return to their home countries to apply their skills in the development-related activities for which

the training was authorized. It is also A.I.D. policy that participants return to the project no later than six months prior to the Project Assistance Completion Date (PACD) in order to permit orderly reintegration. Students who attended the three-month certificate training programs at AIT were required to sign three-year work commitments with their respective employers agreeing to return after completion of the training.

Six of the 19 participants contacted did not comply with these requirements and were not working in project-related activities after completing training. Two students from the Philippines were pursuing advanced degrees at AIT in natural resources development and management. One of the students had received permission from his employer to continue his degree program; the other student had not. Another Philippine student resigned from his job shortly after completing training. Despite agreeing to pay back all costs should he resign, he had not repaid any costs after one and one-half years. Three participants from Thailand had not been reintegrated into the project and were not likely to be prior to the PACD. One participant was in Japan pursuing an advanced degree in mechanical engineering and the other two were enrolled in degree programs at AIT. The employers of the three students advised us that they were aware that the students were receiving additional degree training and that they assumed the students would return to their former positions after completing training. The employers, however, were not aware of the A.I.D. requirement that participants be reintegrated into the project six months prior to the PACD. The cost of the AID-sponsored certificate training was approximately \$6,750 per student.

A.I.D. guidelines were not followed when A.I.D. agreed to fund the costs of international travel for training participants. Also, the requirement to use U.S. flag carriers for international travel was violated for two participants while others had not been reintegrated into the project as required by A.I.D. policy. Accordingly, the ASEAN RDO should seek a waiver for the provision of international air travel, obtain a refund for the two participants who flew non-U.S. flag carriers between the Philippines and the United States and determine the extent that training costs should be recovered for those students not reintegrated into the project.

Management Comments

The ASEAN RDO agreed that a system to monitor participants who complete training programs of three months or longer was needed. Funding has been obtained and a contract is being prepared to implement the planned system.

The ASEAN RDO advised that it needed additional information to substantiate the waiver of \$117,000 in international travel costs and recovery of \$1,789 for two participants who flew non-U.S. flag air carriers. The ASEAN RDO suggested that we drop Recommendation No. 3c from the final report because recovering costs for students who complete training but are not reintegrated into the project is not cost effective.

Office of Inspector General Comments

Actions planned by the ASEAN RDO are responsive to Recommendation No. 2; therefore, the recommendation is resolved and will be closed when the planned system for monitoring participants who have completed training programs of at least three months is implemented.

Recommendation No. 3 is unresolved pending agreement on a responsive plan of action. The position that A.I.D. not recover training costs for participants whose training does not benefit the project is not consistent with A.I.D. guidance. A.I.D. policy states that all AID-sponsored participants are obligated to return to their home countries to apply their skills in development-related activities and in positions where their training can be utilized effectively.

ASEAN HOST COUNTRY CONTRIBUTIONS WERE LESS THAN PLANNED

Only \$35,000 of a planned \$2.1 million in ASEAN host country contributions were identified as available for project use. This occurred because the project agreement did not specify the amount of the ASEAN contribution and the ASEAN RDO did not monitor host country contributions. Because the ASEAN countries' contribution to the project was less than planned, it is likely that the developmental impact of A.I.D.'s assistance was lessened. A.I.D. policy stresses the need for financial participation by recipient countries to ensure successful development.

Recommendation No. 4

We recommend that the ASEAN RDO request the ASEAN countries participating in the project to prepare reports at the completion of the project showing the extent that each country has contributed resources to this project.

The project paper, used as the basis for authorizing this project, specified that the ASEAN contribution to the project was to be \$2.1 million over a five-year period. Approximately \$1.8 million was for salaries and \$300,000 for facilities and operational expenses. Contributions from Malaysia, Thailand and the Philippines were to be \$360,000 each while Indonesia and Singapore were expected to contribute \$460,000 and \$560,000, respectively. The project agreement, however, did not specify an amount for host country contributions. Instead, it stated that the grantees would make contributions of property, services, facilities and funds as required for carrying out the project.

The ASEAN contribution to the project has been less than planned. As of October 1989, contributions by the Philippine Government totaled \$34,471. The coordinating agency in Thailand was not keeping track of contributions made by the Government of Thailand and was unable to identify any contributions provided. We did not attempt to determine the extent of host country contributions provided by other participating ASEAN countries.

The ASEAN RDO Director was unable to explain why the project agreement did not contain a requirement for the ASEAN countries to provide \$2.1 million in project support. He indicated that he had no records which would reflect the level of financial support participating ASEAN countries had contributed to the project. According to the Director, host country contributions were not monitored because the project is a regional program with considerable interaction between participating countries. He assumed that each country would participate in the project and maintain records of its contribution. Neither he nor prior ASEAN representatives had established a system to monitor host country contributions.

The A.I.D. Policy Paper on Institutional Development stresses the need for financial participation by recipient countries to ensure successful development. The concern that host countries were not meeting their commitments has been expressed in numerous audit reports and was the subject of a 1987 A.I.D. Inspector General memorandum to the A.I.D. Assistant Administrator, Bureau for Program and Policy Coordination. The Inspector General expressed concern that the hundreds of millions of dollars A.I.D. invests in projects may be lost or their developmental impact seriously reduced due to the lack of a financial commitment by host governments.

Project planning documents show that contributions from the ASEAN countries were expected and that the amounts to be provided were substantial. However, because the amounts were not stated in the project agreement, participating countries cannot be held to these unrealized commitments. We believe the ASEAN RDO should inform the participating ASEAN countries about the \$2.1 million host country contribution stated in the project paper and request the ASEAN countries to prepare reports at the completion of the project showing the amount each country contributed in support of the project.

Management Comments

The ASEAN RDO commented that host country contributions are not required on regional programs, even though project design for the ASEAN Energy Conservation and Management project provided for a \$2.1 million

contribution. Nevertheless, the ASEAN RDO will request participating ASEAN countries to prepare reports showing the amount each country contributed to the project. According to the ASEAN RDO, the provision for host country contributions will not be designed into future ASEAN projects.

Office of Inspector General Comments

Although regional projects are exempt from a specific level of host country contributions, the approved design of this project was predicated on assumptions defined in the planning documents. Accordingly, the \$2.1 million host country contribution should have been included in the project agreement. Since this oversight could have had an adverse effect on the developmental impact of A.I.D.'s assistance, it is important to determine the level of support provided by the ASEAN countries. These reports may provide some lessons learned about the extent that ASEAN countries are willing to commit their own resources to such projects when not required to do so. The proposed actions promised by the ASEAN RDO are responsive to the recommendation. Therefore, Recommendation No. 4 is considered resolved and can be closed when actions in process have been completed.

ADMINISTRATIVE APPROVAL AND VOUCHER REVIEW OF TECHNICAL ASSISTANCE CONTRACT DISBURSEMENTS WAS WEAK

About \$2.8 million in project technical assistance was disbursed without effective review and administrative approval of vouchers. This occurred because the ASEAN RDO did not utilize supporting documentation to validate project expenditures. A.I.D. regulations require that management control be adequate to ensure that funds are used for authorized purposes and to provide safeguards against waste, fraud, and abuse. Because management control was lacking, project funds may have been disbursed without proper approval and may have been used for unauthorized purposes.

Recommendation No. 5

We recommend that the ASEAN RDO

- a. establish an effective system for review and administrative approval of vouchers for ASEAN technical assistance contracts,**
- b. determine if approximately \$8,000 in administrative salaries should be refunded by the technical assistance contractor, and**
- c. coordinate with the Department of Energy to ensure that the technical assistance provided by the project has been audited by the cognizant government audit agency.**

About \$2.8 million in project technical assistance was disbursed without effective review and approval at the ASEAN regional level. Most of the project's technical assistance and training was contracted through a Participating Agency Service Agreement (PASA) with the Department of Energy to obtain the services of Lawrence Berkeley Laboratory (LBL). Another \$900,000 in assistance was provided under a contract amendment with A.I.D.'s Bureau for Science and Technology (S&T). This buy-in arrangement was with the Institute of International Education (IIE) to provide energy management and coal technology training.

A.I.D. regulations require that management control be adequate to ensure that project funds are used only for authorized purposes and are safeguarded against waste, fraud and abuse. A.I.D. Handbook 12 gives detailed guidance on PASA procurement and management. Project officers are required to monitor PASA in-country work and administratively review and approve contractor requests for reimbursement. Regulations for buy-ins are contained in the AID/Washington Bureau for Science and Technology's Program Guidance Notice No. 87-03. Activity under buy-ins is monitored and vouchers are administratively approved by the S&T project officer with direct payments made by AID/Washington's Office of Financial Management. Records available at the ASEAN RDO for the S&T buy-ins showed that only one advice of charge had been prepared by AID/Washington and sent to the ASEAN RDO. The advice of charge, which reflected \$475,000 in disbursements incurred during mid-1986, was dated April 30, 1987 and was received by the ASEAN RDO in August 1987.

Controls over PASA disbursements were weak because the ASEAN RDO administratively approved them and the Mission Controller paid them without review and verification of supporting documentation. Usually, LBL billing statements were prepared quarterly by the contractor and submitted to the ASEAN RDO for administrative approval. The voucher for the approved billing statements was then certified by the USAID controller for payment. The billing statements contained summary accounting information that was not verifiable. For example, the billing statements for July through September 1988 were administratively approved on January 31, 1989, and certified for payment on March 3, 1989. These invoices contained a general description of charges such as non-payroll expenses of \$123,461, payroll expenses of \$15,014, overhead of \$5,682 and accrued sub-contract costs of \$54,552. No additional source documentation was provided by the contractor nor did the ASEAN RDO or the certifying officer request additional documentation.

An examination of some of the PASA expenditures disclosed questionable disbursements and indicated the need for more effective control of project disbursements. For example, an August 15, 1988, billing statement requested reimbursement for an overhead rate of 63 percent, but supporting documentation presented with the statement showed a rate of only 19

percent. The ASEAN RDO administratively approved the billing without questioning either rate. Another example of questionable costs was the payment of approximately \$8,000 in administrative salaries. While the contract between LBL and the Department of Energy was not available at the ASEAN RDO, the project paper indicated that host country salaries would be paid from contributions by the governments of Thailand and the Philippines. However, the LBL contractor submitted a billing for \$8,000 in administrative salaries for five Thai government officials, including a university president and the project coordinator. The ASEAN RDO administratively approved these costs and the contractor was reimbursed. Finally, in this report's discussion of participant training we identified the inappropriate reimbursement of \$1,789 for two participants who flew non-U.S. flag carriers in connection with their training requirements. JST Management Conference Centre PTE, Ltd., an LBL sub-contractor, was the organization responsible for arranging the travel.

Because administrative approval and voucher review of disbursements made under the technical assistance contract were weak, project funds may have been utilized for unauthorized purposes. The ASEAN RDO needs to improve its administrative review process for technical assistance disbursements approved by the ASEAN RDO and paid by the USAID Controller. Also, the ASEAN RDO needs to review its approval of \$8,000 in reimbursed administrative salaries and seek audit of the technical assistance contract to ensure that other unauthorized expenditures were not reimbursed.

Management Comments

The ASEAN RDO has made arrangements with AID/Washington to establish a system for the ASEAN RDO to review and approve all project vouchers. Further, the ASEAN RDO will make arrangements with the Department of Energy to ensure that the technical assistance provided by the project has been audited. The ASEAN RDO requested additional details to determine whether the \$8,000 in administrative salaries should be refunded.

Office of the Inspector General Comments

The actions contemplated by the ASEAN RDO are responsive to Recommendation Nos. 5a and 5c which are resolved and can be closed when actions in process have been completed. Recommendation No. 5b is unresolved pending agreement on a responsive plan of action.

CONTROLS OVER GRANT DISBURSEMENTS NEED IMPROVEMENT

Because an effective system of financial monitoring was not established, accountability for thousands of dollars in project funds was weak. Over \$72,000 in project advances were outstanding an average of 19 months, \$1,705 was paid for unauthorized maid service and several erroneous accounting entries were made. This occurred because the ASEAN RDO and the USAID Controller did not establish an adequate financial monitoring system. A.I.D. regulations require that project financial management practices be monitored to ensure that goods and services are properly accounted for and effectively utilized.

Recommendation No. 6

We recommend that the ASEAN RDO and the USAID/Thailand Controller

- a. **liquidate all outstanding advances and correct the erroneous accounting entries identified during the audit, and**
- b. **issue either a bill of collection or reduce the final voucher of the AIT technical advisor by \$1,705 for maid service erroneously paid by A.I.D.**

Approximately \$575,000 in grant funds were provided to AIT to provide courses in energy management and support the assignment of a technical advisor to AIT for a period of two years. Because an effective system of financial monitoring was not established, thousands of dollars in project fund were spent without proper accountability. About \$72,000 in advances to AIT had been outstanding for an average of 19 months. Five advances totaling \$126,075 were released - four in 1987 and one in 1989. Through September 1989, about \$53,910 of the total advances had been liquidated. The balance of the advances were not liquidated even though the grant agreement provided that advances equivalent to only three-months operating requirements would be made. Liquidation was to be accomplished within 45 days following the end of the quarter. According to the USAID Controller,

the liquidation of advances was complicated by the 1988 transfer of the ASEAN RDO from the Philippines to Thailand and the fact that all of the outstanding advances were issued in the Philippines.

From November 1987 until November 1988, A.I.D. paid \$1,705 to the AIT technical advisor for monthly maintenance charges, which are reimbursable expenses under the grant. Beginning in October 1988, the USAID Controller disallowed these monthly claims because they appeared to be maid service expenses, which are not allowable expenses under the grant. However, no effort was made to recover the earlier reimbursements. The ASEAN RDO Director said that he would seek recovery of the erroneous payments during the final accounting of the technical advisor's contract.

Several erroneous accounting entries were made by the USAID Controller. For example, a reimbursement voucher for LBL technical assistance was processed on October 26, 1987 in the amount of \$262,579. Accounting records showed that \$192,040 was erroneously posted to the AIT account. We were advised by the Controller that the entry was corrected on November 6, 1989, two years later. In another instance, a voucher in the amount of \$38,951 was processed for payment after being administratively approved by the ASEAN RDO and certified by the USAID Controller even though supporting documentation covered only \$7,778 of the total amount. Finally, two AID/Washington advices of charge totaling \$25,394 were erroneously posted to the technical assistance contractor's (LBL) account. The advices of charge were for a USAID project. The entries were posted on September 15, 1988 and no corrective entries had been made.

Financial management was weak because the ASEAN RDO and the USAID Controller had not established an adequate financial monitoring system. However, corrective action had been taken or had been initiated for each of the examples cited. A.I.D. Handbook 19 and the Controller's Handbook identify the financial management practices that will ensure the effective utilization of goods and services. A.I.D. regulations require that project financial management practices be monitored to ensure that goods and services are properly accounted for and effectively utilized.

Management Comments

The ASEAN RDO and the USAID Controller are in the process of liquidating the outstanding advances; the value of outstanding advances is down to \$42,000. Supporting documents have been requested from AIT to liquidate the remaining advance balances. All erroneously posted entries identified in the audit were corrected by the USAID Controller in November 1989. In December 1989, the payment of unauthorized maid service to the AIT technical advisor was recovered by reducing the final voucher payment by \$1,705.

Office of Inspector General Comments

The ASEAN RDO and USAID Controller actions are responsive to the recommendation. Accordingly, Recommendation 6a is considered resolved and can be closed when the remaining outstanding advances are liquidated. Recommendation 6b is closed on issuance of this report.

COMPLIANCE

The audit identified two instances of non-compliance with agency regulations. First, the evaluation system for comparing project accomplishments with stated objectives was not adequately implemented because project design did not provide quantitative indicators of progress as prescribed in A.I.D. Handbook 3. Second, the participant training component of the project was not in compliance with A.I.D. Handbook 10 requirements regarding the monitoring of participants and the utilization of training funds. Nothing came to the auditors' attention as result of specific procedures that caused them to believe untested items were not in compliance with applicable laws and regulations.

INTERNAL CONTROLS

The audit revealed two instances where improved internal controls might result in more effective utilization of project funds. First, technical assistance disbursements were made without effective review and administrative approval of vouchers as provided in A.I.D. Handbooks 12 and 19. Second, an effective system of financial monitoring was not established for grant disbursements as specified in Handbook 19.

EXHIBIT 1

LIST OF VERIFIABLE INDICATORS

1. Stronger public policy commitment to energy conservation in participating countries.
2. Improved building codes in at least two ASEAN countries.
3. Private sector adoption of efficient hybrid lighting and other conservation designs.
4. State-of-the-art microcomputer programs for architects and engineers already in use in designing and evaluating energy efficient buildings.
5. Technical handbooks and manuals for use by architects and engineers on daylighting, building energy maintenance and other key topics.
6. Improved national energy plans.
7. Increased managerial capacity in coal technologies in national electricity authorities.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID / THAILAND

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APO San Francisco 96346-0001

International Address:
USAID/Thailand
37 Petchburi Soi 15
Bangkok 10400 Thailand.

April 5, 1990

TO : William C. Montoney, RIG/A/M
From : ~~Lawrence J. Ervin~~
A.I.D. Representative to ASEAN
SUBJECT : Draft Audit Report on ASEAN Energy Conservation and
Management Project -- No. 498-0285

We appreciate the assistance provided by the audit team. Their recommendations will be useful in developing new activities in the ASEAN program, especially in regard to problems of monitoring project implementation and participant training programs.

The draft report contains six recommendations and we have the following comments on each:

Recommendation No. 1

"We recommend that the ASEAN RDO prepare an order identifying procedures to be used for designing regional projects. The order should require that ASEAN projects be designed in accordance with Handbook guidelines, including planning documents that contain realistic objectives and quantifiable indicators that measure progress toward achieving these objectives."

We agree with this recommendation and will prepare an order that clearly identifies procedures to be used for designing regional projects in ASEAN. In discussions with your team, the ASEAN RDO agreed that past planning documents could have been designed better to include more specific indicators for measuring project accomplishments. As recognized in your report, the ASEAN RDO has already taken steps to quantify project objectives in designing our new projects.

Recommendation No.2

"We recommend that the ASEAN RDO

- a. establish follow-up procedures for monitoring participants who have completed the three-month certificate training programs financed by the project, and

- b. request the ASEAN countries participating in this project to submit reports showing the location of each participant, how his learned skill was utilized and how the training contributed to the overall objectives of the project."

Again, we agree with the recommendation and before the draft audit was completed we requested PD and S funding from AID/W to set up a system which would respond to part A of this recommendation. We have received this funding and are currently working on a scope of work to hire contractors to perform this task.

Although we agree with part B and are in the process of setting up a system to better track participants under all of the ASEAN program, we do not believe it is feasible, given the number of countries and number of short-term and degree participants involved, to respond to part B of this recommendation. What we can do, given that the project will be completed in only three months, is compile this information for the M.A. degree students trained under the project.

Recommendation No 3

"We recommend that the ASEAN RDO

- a. obtain a waiver from the Bureau for Asia and Near East for approximately \$117,000 in international travel costs which were paid from project funds,
- b. recover AID-financed training costs totaling \$1,789 from two participants who flew non-U.S. flag air carriers in connection with their training travel requirements and
- c. determine which AID-financed training costs should be recovered for students committed to return to the project after completing a three-month certificate training program who, without approval, were not reintergrated into the project upon completion of the training."

In order to resolve part A of this three-part recommendation, would you please provide us with the details of how you arrived at \$117,000 in international travel costs so that we can make a determination on how to best respond. The same request applies to part B. We will require the details of your finding before we can respond.

In regards to part C of this recommendation, we request that this be dropped from the final report. To try and determine the costs to be recovered from participants attending a three-month training program who, after completing their training were not integrated into the project, would not be cost effective. However, as we indicated in discussions with your staff, we are aware of this problem and will provide for follow-up monitoring in our new projects by requiring implementing grantees or contractors to regularly provide this information.

Recommendation No. 4

"We recommend that the ASEAN RDO request the ASEAN countries participating in the project to prepare reports at the completion of the project showing the extent that each country has contributed resources to this project."

As pointed out by your staff in discussions last year, regional programs are not required to provide host country contributions. Nonetheless, our predecessors built them into the projects and, as such, we will write to each of the implementing agencies/contractors to provide this information for current ASEAN projects.

Because of the difficulty getting six different countries to approve of and provide this kind of support, host country contributions will not be required for the new Private Investment and Trade Opportunities project. We will build this same regional program exemption into all our new projects. We will, however, request that the ASEANS provide as much support as they can in keeping with the spirit of a collaborative effort.

Recommendation No. 5

"We recommend that the ASEAN RDO:

- a. establish an effective system for review and administrative approval of vouchers for ASEAN technical assistance contracts,
- b. determine if approximately \$8,000 in administrative salaries should be refunded by the technical assistance contractor, and
- c. coordinate with the Department of Energy to ensure that the technical assistance provided by the project has been audited by the cognizant government audit agency."

In response to part A of this recommendation we discussed with you auditors the disparate responsibility for implementation of this project between the field and AID/W. We now have agreement from AID/W that all vouchers will be reviewed and approved by the ASEAN Office in Bangkok. All of our other on-going projects are reviewed and administratively approved in Bangkok.

In order to resolve part B of this recommendation concerning the payment of \$8,000 for administrative salaries submitted by LBL, we will have to have more details and the list of Thai officials who were paid.

We will coordinate with the U.S. Department of Energy to ensure that the technical assistance provided by the project has been audited by the cognizant audit agency as recommended in part C.

Handwritten mark

Recommendation No 6

"We recommend that the ASEAN RDO and the Regional Controller

- a. review supporting documentation for all project disbursements under the grant agreement, liquidate all outstanding advances and correct the erroneous accounting entries identified during the audit, and
- b. issue either a bill of collection or reduce the final voucher of the AIT technical advisor by \$1,705 for maid service erroneously paid by A.I.D."

We are in the process of liquidating all the outstanding advances for this project. In November and December 1989 the ASEAN RDO staff and a voucher examiner of USAID/Thailand Office of Finance worked with the AIT Financial Office and brought the outstanding advances down to about \$42,000. We are waiting for supporting documents from AIT to liquidate the remaining outstanding advances.

Also in coordination with the Project accountant at USAID/Thailand Office of Finance, all erroneously posted entries found have been corrected as of November 1989. A copy of the journal voucher is enclosed.

As you know these payments were made by the USAID/Manila Office of Finance. When the Bangkok Office of Finance took over payment responsibility for the ASEAN program in October 1988 they disallowed this payment. Upon your recommendation, the \$1,705 paid for unauthorized maid service to the technical advisor to A.I.T. was recovered by reducing payment of his final voucher by that amount in December 1989. A copy of that voucher is enclosed.

In view of this voucher, we believe Recommendation "6", b. should be closed.

Attachment: 1) Journal Voucher correcting erroneously posted entries.
2) Voucher showing \$1,705 recovered.

15

J.V. No. : 90-019

JOURNAL VOUCHER

Date November 06, 1989

REFERENCE	EXPLANATION	DEBIT	CREDIT
	Proj#398-0285.00 & 498-0285.00		
	ASEAN ENERGY CONSERVATION/MGT		
ou# P880731	To correct the disbursement erroneously posted by USAID/Philippines to E500124: 530335 GRANT 6018. It should be charged to E500121:530343PASA 6023 and E870061: ANE-0285-P-ER-6023		
98-0285.00	72-11M1021:HDA-85-27399-DG12		
ACN: E500124	530335GRANT 6018 AIT		192,040.10
ACN: E500121	530343PASA 6023 DEPARTMENT OF ENERGY	167,220.52	
98-0285.00	72-11M1021:QDSA-87-27399-KG12		
ACN: E870061	ANE-0285-P-ER-6023 DEPARTMENT OF ENERGY	24,819.58	
		72-11M1021	72-11M1021
Concurrence:	<u>Lawrence J. Ervin</u> dated: <u>11/6/89</u> Lawrence J. Ervin, Project Officer ASEAN LIAISON		
	TOTAL	\$192,040.10	\$192,040.10

Prepared by : Veraanong Na Songkhla
Veraanong Na Songkhla

Approved by : Douglas S. Franklin
Douglas S. Franklin
Title : Controller

Standard Form 1054
September 1973
4 Treasury Form 7000
1054-114

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

VOUCHER NO. **P880731**

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION
**The Controller
USAID/Philippines
c/o American Embassy
Manila, Philippines**

DATE VOUCHER PREPARED
October 26, 1987

SCHEDULE NO.

CONTRACT NUMBER AND DATE
PASA ANE-02PS-P-ER-6023

PAID BY

REQUISITION NUMBER AND DATE

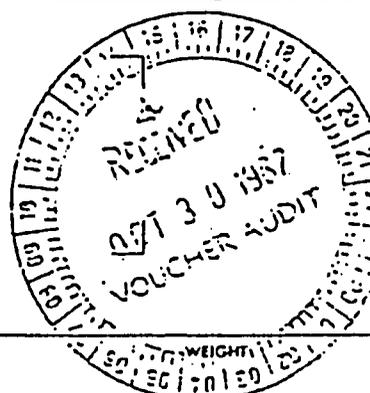
PAYEE'S NAME AND ADDRESS
**U.S. Department of Energy
Lawrence Berkeley Laboratory
Accounting Office
P.O. BOX 528
Berkeley California 94701

c/o Bruce Blackman
AID/ASEAN Regional Office**

DATE INVOICE RECEIVED

DISCOUNT TERMS

PAYEE'S ACCOUNT NUMBER



SHIPPED FROM TO

WEIGHT

GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE		AMOUNT (')
				COST	PER	
		For reimbursement of various invoices (See back for detailed breakdown)				\$262,579.46

(Use continuation sheet(s) if necessary) (Payee must NOT use the space below) TOTAL **\$262,579.46**

PAYMENT: COMPLETE PARTIAL FINAL PROGRESS ADVANCE

APPROVED FOR **= \$ 262,579.46** EXCHANGE RATE **= \$1.00** DIFFERENCES

BY **BRUCE BLACKMAN**

TITLE **AID/ASEAN Regional Development Officer**

Amount verified; correct for **\$262,579.46**
(Signature or initials) **BB**

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

11/12/87 **JAMES H. REDDER** **B&A Officer**
(Date) (Authorized Certifying Officer) (Title)

ACCOUNTING CLASSIFICATION

72-1241021 **EDAAG5274921-312** **E500121** **530343PASA 0023** **US\$262,579.46 D**

changed to LBL - 70,639.36
changed to AIT - 122,040.10 (All up F-1)

PAID BY CHECK NUMBER ON TREASURER OF THE UNITED STATES CHECK NUMBER ON (Name of bank)

CASH DATE PAYEE'S

3

* When stated in foreign currency, insert name of currency.
* If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.
* When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary" or "Treasurer" is the case may be.

PER

TITLE

1/2

LBL INVOICES FOR REIMBURSEMENT:

	<u>Invoice No.</u>	<u>Date</u>	<u>Amount (\$)</u>
1.	87120200	02/28/87	10,520.01
2.	87120239	03/31/87	33,248.64
3.	87120286	04/30/87	10,770.71
4.	87120287	04/30/87	52,277.46
5.	87120325	05/31/87	33,905.77
6.	87120364	06/30/87	67,169.71
7.	87120400	07/31/87	54,687.16
		Total Amount This Voucher	<u>262,579.45</u>

-36

MACS F04
OPTION 1

COMMITMENT LIQUIDATION RECORD
USAID/ASEAN REGIONAL PROGRAM
AS OF 09/06/89

DATE: 09
REPORT PAGE:
MISSION PAGE:

PROJECT NUMBER : 4990235.00
PROJECT TITLE : ASEAN ENERGY CONSERVATION/MGT.
PROJECT ELEM NAME: AIT/TRAINING/ENERGY MGT
PROJ ELEM NO : 02
APPROP. SYMCL : 72-11M1021
BUDGET PLAN CODE : HDAA-85-27399-0612
VENDOR/CONTRACTOR: ASIAN INSTITUTE OF TECHNOLOGY
PURPOSE/DESC. : AIT/ASEAN ENERGY/CONSERVATION

COM DCC#: 530335GRANT 6018
E/M DCC#: 550233 P12/T 501
E/M CTL#: 2500124
DRA NO. : 0000000000
PYMT CDE: 0
ADV BAL.: 42913.87
COM STRT: 012556
COM END : 013190

TRANS DATE	REFERENCE NUMBER/ DESCRIPTION	TRAN TYPE	COMMITMENT AMOUNT	EXPENDITURE AMOUNT	BALANCE
08/03/87	P375639 AIT/LIQDN OF ADV/JAN-APR 1987	DS		14000.00 ✓	420878
08/03/87	P875629 AIT/LIQDN OF ADV/JAN-APR 1987	DS		15935.00 ✓	404943
08/03/87	P875639 AIT/REIMS OF EXPENSES/JAN-APR	DS		4249.05 ✓	400694
08/11/87	000492569 CENTRINTL INST EDUC/7.1-31.86	DF (Acc)		504.50	400090
11/16/87	P550731 LEAF-LARGE/US DEPT OF ENERGY	DS		*192040.10?	208050
12/10/87	P821212 AIT/LIQUIDATION ADVANCE	DS		8249.05 ✓	199805
12/10/87	P851213 AIT/LIQUIDATION ADVANCE	DS		6710.10 ✓	193095
02/17/88	P882303 W.FCELL/DEC. SAL & DIFF/RENT	DS		4557.95 ✓	188538
03/04/88	000492608 AIT/WKFDCELL/EXPND/5.1-5.30.87	DF		13471.31	175067
03/04/88	000492608 AIT/WKFDCELL/REVERSE ENTRY	DF		13471.31-	188538
03/04/88	000492609 AIT/WKFDCELL/EXPND/5.01-6.30.87	DF (Acc)		17927.31	170609
03/04/88	000492620 AIT/WKFDCELL/EXPND/7.01-5.31.87	DF (Acc)		16835.24	153770
03/31/88	ACJV88-11 ACCRUALS FOR QTR. ENDING 03/88	AC		10000.00	143770
04/01/88	AR-041188 SYSTEM GENERATED ACCRUAL	AC		10000.00-	153770
04/06/88	P583258 FDCELL/SALARY/RENT/HSGN/FEB.88	DS		6352.50	147416

MACS P34
OPTION 3

COMMITMENT LIQUIDATION RECORD
USAID/ASEAN REGIONAL PROGRAM
AS OF 11/06/89

DATE: 11/06/89
REPORT PAGE: 514
MISSION PAGE: 514

PROJECT NUMBER : 4980285.00	COM DOC# : 530343PASA 6023
PROJECT TITLE : ASEAN ENERGY CONSERVATION/MGT.	E/M DOC# : 550225 PID/T 50104
PROJECT ELEM NAME: ENERGY CONSERVATION/BLDG	E/M CTL# : E500121
PRJ ELEM NO : 01	DRA NO. : 0000000000
APPROP. SYMBOL : 72-11M1021	PYMT CDE: 0
BUDGET PLAN CODE : HDAA-85-27399-DG12	ADV BAL. : .00
VENDR/CONTRACTR: DEPARTMENT OF ENERGY	COM STRT: 073085
PURPOSE/DESC. : PASA 6023/TECH ASST	COM END : 073087

TRANS DATE	REFERENCE NUMBER/ DESCRIPTION	TRAN TYPE	COMMITMENT AMJNT	EXPENDITURE AMJNT	BALANCE
05/21/86	530343PASA 6023 PASA 6023/TECH ASST	C	1000000.00		1000000.00
09/30/86	ACJV85026 ACCRJALS ENDING 093086	AC		500000.00	500000.00
10/01/86	AR-103886 SYSTEM GENERATED ACCRUAL	AC		500000.00-	1000000.00
12/02/86	P370600 US DE/PAYROLL/07.31.86	DS		329400.00	670600.00
12/02/86	P370608 US DE/PAYROLL-AUGUST 1986	DS		54444.00	605156.00
12/31/86	ACJV87008 ACCRJALS QTR END 12/31/86	AC		506156.00	.00
01/01/87	AR-010787 SYSTEM GENERATED ACCRUAL	AC		506156.00-	605156.00
03/31/87	ACJV87015 ACCRJALS FOR QTR ENDING 033187	AC		506156.00	.00
04/01/87	AR-040787 SYSTEM GENERATED ACCRUAL	AC		506156.00-	605156.00
06/01/87	P374195 REIMB. OF VARIOUS INVOICES	DS		290615.64	315539.36
06/01/87	P874195 REIMB. OF VARIOUS INVOICES	DS		290615.64-	605156.00
06/01/87	P374196 REIMB. OF VARIOUS INVOICES	DS		290615.64	315539.36
06/30/87	ACJV87020 ACCRJALS FOR QTR ENDED 6/30/87	AC		315539.35	.00
07/01/87	AR-070787 SYSTEM GENERATED ACCRUAL	AC		315539.35-	315539.36
09/30/87	ACJV87023 ACCRJALS FOR QTR. END 9/30/87	AC		54687.00	260852.36

COMMITMENT LIQUIDATION RECORD

HACS 004
OPTION 3

USAID/ASEAN REGIONAL PROGRAM
AS OF 11/06/89

DATE: 11/06/89
REPORT PAGE: 515
MISSION PAGE: 515

PROJECT NUMBER : 4980285.00	COM DOC#: 530343PASA 6023
PROJECT TITLE : ASEAN ENERGY CONSERVATION/MST.	E/M DOC#: 550225 PIO/T 50104
PROJECT ELEM. NAME: ENERGY CONSERVATION/BLDG	E/M CTL#: E500121
PRJ: ELEM NO : 01	DRA NO. : 000000000
APPRDP. SYMBOL : 72-11M1021	PYMT CDE: 0
BUDGET PLAN CODE : HDAA-85-27339-DG12	ADV BAL.: .00
VENDOR/CONTRACTOR: DEPARTMENT OF ENERGY	COM STRT: 073095
PURPOSE/DESC. : PASA 6023/TECH ASST	COM END : 073097

TRANS DATE	REFERENCE NUMBER/ DESCRIPTION	TRAN TYPE	COMMITMENT AMOUNT	EXPENDITURE AMOUNT	BALANCE
10/01/87	AR-100887	AC		54687.00-	315539.36
	SYSTEM GENERATED ACCRUAL				
10/27/87	P880200	DS		245000.00	70539.36
	US DEPT. OF ENERGY/REIMB. EXP				
11/18/87	P980731	DS		70539.36	.00
	US DEPT OF ENERY REIMB EXPS				
12/01/87	109780030	DS		192040.10	192040.10
	LBL/TRANSFER TO PROPER APPRDP.				
09/15/88	000492688	DF		574.60	191465.50
	ICLARM/TEMP. CHRGD/EXP. 4.1-6.88				
09/15/88	000492690	DF		24819.53	165645.92
	4/C COMP MKTG SYS/EXP				
09/30/88	JV88-0021	AC		100000.00	65645.92
	ACCRUALS FOR QTR ENDING 093088				
10/01/88	AR-101388	AC		100000.00-	165645.92
	SYSTEM GENERATED ACCRUAL				
10/19/88	DJV890012	DS		574.60-	167220.52
	TRFSR DISB TO PROP COMD/CNO				
12/31/88	JV-89-039	AC		100000.00	67220.52
	1Q/FY89 PROJECT ACCRUALS				
01/01/89	AR-010589	AC		100000.00-	167220.52
	SYSTEM GENERATED ACCRUAL				
06/30/89	JV-89-115	AC		157220.52	.00
	3Q/FY89 PROJECT ACCRUALS				
07/01/89	AR-070789	AC		157220.52-	167220.52
	SYSTEM GENERATED ACCRUAL				
09/30/89	JV-89-191	AC		157220.52	.00
	4Q/FY89 PROJECT ACCRUALS				
10/01/89	AR-100589	AC		157220.52-	167220.52
	SYSTEM GENERATED ACCRUAL				
TOTALS AS OF 11/06/89			1000000.00	932779.43	167220.52
PROJECT ELEMENT TOTALS			1000000.00	932779.43	167220.52

Standard Form 1034 September 1973 4 Treasury Form 2000 1034-113	PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL	VOUCHER NO. 94934835
--	--	-------------------------

1. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION The Controller USAID/Thailand 37 Soi 15 Petchburi Road Bangkok 10400, Thailand	DATE VOUCHER PREPARED 11 August 1989	SCHEDULE NO. 09000015
	CONTRACT NUMBER AND DATE RCC 498-0285-C-SS-6018-SS	PAID BY 12/2/89
	REQUISITION NUMBER AND DATE	

PAYEE'S NAME AND ADDRESS Wesley K. FOELL c/o First Wisconsin Bank of Madison Madison, Wisconsin 53707, U. S. A. Account No. 717031 154 Chicago Federal Reserve Bank American Bank Association No. 075900465	O.F.N. USAID/Thailand	DATE INVOICE RECEIVED
	DUE DATE: 10/29/89	DISCOUNT TERMS
		PAYEE'S ACCOUNT NUMBER

ISSUED FROM	TO	WEIGHT	GOVERNMENT B/L NUMBER
-------------	----	--------	-----------------------

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT
				COST	PER	
	July 1988	Second half of R & R Trip of A. Foell				\$560.50
	through March 1989	Round trip R & R for W. Foell				\$1121.-

(Payee must NOT use the space below) TOTAL \$1681.50

PAYMENT:] COMPLETE] PARTIAL] FINAL] PROGRESS] ADVANCE	APPROVED FOR = \$	EXCHANGE RATE = \$1.00	DIFFERENCES Less	
	BY:		1. Foreign Flag	
	TITLE		Penalty	(\$64.14)
			2. Disallowed costs	(\$267.76)
			Amount verified: correct for	\$1,349.60
			(Signature or initials)	PP

In view of authority vested in me, I certify that this voucher is correct and proper for payment.
 11/27/89 (Date) Amanda K. Levenson (Authorized Certifying Officer) Deputy Controller (Title)

ACCOUNTING CLASSIFICATION

72-11M1021:QDAA-86-27399-DG12 Proj 398-0285.00
 CO-HCC-498-0285-AIT-01 E600433 \$1,349.60

CHECK NUMBER	CN TREASURER OF THE UNITED STATES	CHECK NUMBER	ON (Name of bank)
CASH	DATE	PAYEE'S	

When stated in foreign currency, insert name of currency.
 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.
 When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID / THAILAND

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APO San Francisco 96346-0001

International Address:
USAID/Thailand
37 Petchburi Soi 15
Bangkok 10400 Thailand.

MEMORANDUM

November 30, 1989

TO : Amanda Lavenson, O/FIN

FROM: Robert T. Dakan - ASEAN *RSD*

SUBJECT: "Maintenance" charges under the Energy III project
(398-0285) for Dr. Wesley Foell.

Following my discussions with the RIG/Manila on 11/28/89, the sum of US\$ 1,705.00 should be deducted form any payment due Dr. Wesley Foell. According to RIG records from the period of July 1987 to September 1988 US\$ 300.00/month a total of US\$ 1,705.00 was paid to Dr. Wes Foell for maid service and not maintenance as allowed under his contract to A.I.T. Therefore, please deduct these costs.

1,437.24 ✓ 94934834
267.76 ✓ 94934835

RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 1</u>	7
<p>We recommend that the ASEAN RDO prepare an order identifying procedures to be used for designing regional projects which requires that ASEAN projects</p> <ul style="list-style-type: none">- be designed in accordance with A.I.D. Handbook guidelines,- contain realistic objectives, and- include quantifiable indicators that facilitate the measurement of progress toward achieving project objectives.	
<u>Recommendation No. 2</u>	11
<p>We recommend that the ASEAN RDO establish follow-up procedures for monitoring participants who have completed AID-financed certificate training programs lasting at least three-months.</p>	
<u>Recommendation No. 3</u>	11
<p>We recommend that the ASEAN RDO</p> <ol style="list-style-type: none">a. obtain a waiver from the Bureau for Asia, Near East and Europe for approximately \$117,000 in international travel costs which were paid from project funds,	

- b. recover AID-financed training costs totaling \$1,789 for two participants who flew non-U.S. flag air carriers in connection with their training requirements, and
- c. determine which participants were not reintegrated into the project upon completion of the training and recover AID-financed training costs in those cases where no adequate justification exists for not reintegrating the students into the project.

Recommendation No. 4

17

We recommend that the ASEAN RDO request the ASEAN countries participating in the project to prepare reports at the completion of the project showing the extent that each country has contributed resources to this project.

Recommendation No. 5

20

We recommend that the ASEAN RDO

- a. establish an effective system for review and administrative approval of vouchers for ASEAN technical assistance contracts,
- b. determine if approximately \$8,000 in administrative salaries should be refunded by the technical assistance contractor, and

- c. coordinate with the Department of Energy to ensure that the technical assistance provided by the project has been audited by the cognizant government audit agency.

Recommendation No. 6

24

We recommend that the ASEAN RDO and the USAID/Thailand Controller

- a. liquidate all outstanding advances and correct the erroneous accounting entries identified during the audit, and
- b. issue either a bill of collection or reduce the final voucher of the AIT technical advisor by \$1,705 for maid service erroneously paid by A.I.D.

- 45 -

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117