

STATEMENT OF FRANK M. MIKUS, AUDIT MANAGER, EUROPEAN
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Mr. MIKUS. A copy does go to the AID mission, and they are aware this is being shipped to Turkey and it comes in a customs warehouse. At that point, it is up to the Turkish official to get it out of customs. It might go to a specific department, such as the highway department, or be assigned to DMO, which is similar to our GSA. They are supposed to notify the mission they have it out of customs and where it has gone to. This is where the breakdown is. The Government of Turkey is not furnishing this information to the mission.

Mr. MONAGAN. According to this, this is furnished directly to the mission.

Mr. MIKUS. Yes, but when the highway department picks up the equipment the mission does not know. This is the breakdown. Then they are supposed to have 6-month status reports on the utilization which are not received.

Mrs. HECKLER. What reports does the receiving country file at the time they take it out of customs?

Mr. MIKUS. There are local forms. The way the Turkish Government works, in excess property there is no customs. There is a 5 percent handling charge and then they have to pay storage. It is up to the user of the equipment to pay the customs people.

Mrs. HECKLER. In addition to paying the charges, what about a report of acceptance? Isn't there some paperwork involved which the recipient should execute?

Mr. MIKUS. Yes, there is a form A.

Mrs. HECKLER. But the mission is not informed?

Mr. MIKUS. That is where the breakdown is.

Mr. MONAGAN. The breakdown being that the mission does not check up on either the receipt or nonreceipt of this form A?

Mr. MIKUS. Yes. To my knowledge Mr. Gren is establishing what he calls an arrival system for excess property and his primary concern is not to let property stay in a customs warehouse for any length of time. He would probably have someone go to the customs warehouse and see if the property is still lying around there.

Mr. MONAGAN. Are there any auditors attached to the mission to make end-use checks?

Mr. MIKUS. There is a Mr. Intepe with AID who spends 100 percent of his time, practically, going out in the hinterlands and looking at the equipment and how it is being used and we have copies of his reports.

Mr. MONAGAN. Is that an adequate staff to do this work?

Mr. MIKUS. He works 7 days a week.

Mr. MONAGAN. That does not answer the question.

Mr. MIKUS. It would be hard for me to evaluate, sir.

Mr. WOLL. If I may clarify that point a little bit, Mr. Intepe is not an end-use auditor. He is connected with the Office of Commodity Import. But the mission does have end-use auditors, as is customary, and they do go out and make a selection of property around the country and make an inspection.

Mr. MIKUS. He works for AID, doesn't he?

Mr. WOLL. Yes, but he is in the Office of Commodity Import.