

had not in fact been performed.

Senator GRUENING. Was that called to the attention of the

Senator GRUENING. Was any attempt made to get a reimbursement?

Mr. LIPPMAN. I think Mr. Lee, the Assistant Administrator for AID, will testify as to the actions taken by the agency to recover funds.

Senator GRUENING. Please proceed.

#### PAYMENTS BASED ON AID'S INSPECTION

Mr. LIPPMAN. It should be noted that repairs by the contractor are made on the basis of a work order, which itemizes the work to be done. This work order must be approved by the AID inspector in advance. The contractor certifies on the final work order that all of the work listed has been accomplished and the equipment is in good serviceable condition. That verification must also be approved by the AID inspector. Payments to the contractor are based on these documents.

With your permission, sir, I would like inserted here in the printed record of this hearing some samples of work orders on equipment repaired by Japan Aircraft Co. in which U.S. Army inspectors found overcharges for repair work not performed.

#### EXHIBIT 1

Rehabilitation on AID Work Specification Appendix A, Contract AID/cad/1129 (Estimated Total Man-hours: 257.50).

## 10 AID'S MISMANAGEMENT OF THE EXCESS PROPERTY PROGRAM

[Total man-hours 256; total man-hour cost \$427.52; total parts cost \$295.13]

| CAB AND ASSOCIATED PARTS                          |     | Oil engine No. 10..... | REP | 11 L  | 1.33 |
|---------------------------------------------------|-----|------------------------|-----|-------|------|
|                                                   |     | Oil engine No. 30..... | REP | 11 L  | 1.28 |
| Repair inoperative regulator at both side door... | 1.0 | Oil gear.....          | REP | 6.2 L | 26.8 |
| Replace damaged both side cowl ventilator seals.  | .5  | Oil brake.....         | REP | 6.0 L | 4.98 |
| Replace damaged left door seal.....               | 1.0 | Grease general.....    | LP  | 0.1 K | .03  |