

EXHIBIT 5

FINDINGS OF GENERAL ACCOUNTING OFFICE IN ITS EXAMINATION OF AID'S EXCESS PROPERTY PROGRAM IN TURKEY

Our review of the excess property acquired under the Advance Acquisition Program by Turkey indicated that the USAID Mission, Turkey (mission) had not followed certain required procedures relative to the receipt and inspection of excess property and had not enforced requirements of the excess property transfer agreements on the part of the Government of Turkey (GOT). As a result the mission, in a number of instances, had not determined whether—

- (1) There was a need for the equipment when requested by the GOT.
- (2) Equipment had been physically received by the GOT agency or municipality.
- (3) Equipment was received in operating condition and in reasonably good appearance, and
- (4) Equipment was being effectively used.

During our review we noted that several cases of nonutilization and misallocation of equipment had existed for extended periods of time. We also noted that some items of equipment were being received in an unsatisfactory repair condition and were not being reported to the mission.

INSTANCES OF ITEMS OF EQUIPMENT RECEIVED IN TURKEY IN UNSATISFACTORY REPAIR CONDITION

Of 57 excess property items which were tested during our visits to various recipients in Turkey:

4. A centrifugal water pump was missing a six watt, 120 ampere hour accumulator, a four inch valve, and the radiator was perforated.
5. The engine of a pipeline truck had low oil pressure. None of the exterior lights worked and the exterior surface was badly rusted.
6. A pipeline truck was received with a cracked engine block.

INSTANCES OF NONUTILIZATION AND MISALLOCATION OF EQUIPMENT IN TURKEY

1. An AID Mission audit report dated June 16, 1966, stated that 125 of the 643 direct acquisition excess property items selected for review were not being utilized. Only 5 of the 26 recipients of the items reviewed reported the nonutilization.

2. GAO's review of 7 Mission Excess Property Branch reports dated from August 18, 1966, to May 9, 1967, on the allocation, maintenance and utilization of excess property by the Government of Turkey (GOT) recipients disclosed 35 of 164, or 21 percent, of the excess property items to municipalities in Turkey were improperly utilized—some examples follow:

- (a) The consignment of a bituminous distributor designed for the asphalt paving of roads to a small municipality (population 5,670) which lacked the financial resources to use it. An arrangement was subsequently made to have the item reallocated to the State Highway Department.
- (b) A municipality was consigned a truck tractor which was modified with a truck body. The streets of the municipality were so narrow that it could not be used, and it was idle most of the time.
- (c) A semi-trailer refrigerator van was consigned to a municipality that did not have a truck tractor.