

sented an amount of \$21,438.20 or 4.8% of the total man-hours worked and billed throughout the entire period under review. However, as noted, it was found that except for 4,465 man-hours which were compromised, the Marshalling Site Superintendent had in all other cases ratified the additional hours worked and billed in his signing for the acceptance and delivery of the applicable item of equipment by an endorsement which included the statement: "... and accepted the work performed thereon in its entirety."

Moreover, in reviewing the records of the EPRO-5 Office, we ascertained from a memorandum to the files of March 6, 1967, that the subject of performing additional work without prior authorization had been the subject of a meeting on January 24, 1967 between the officer-in-charge, Mr. Carson Crocker and the Contractor, and that subsequently at another meeting on March 2, 1967, agreement was reached to disallow 2100 direct-labor hours from the invoice.

The relevant portion of the memorandum states:

"7. At numerous times before and after the January 24 meeting Mr. Har-ness had pointed out, at the shop level, examples of excessive man-hours on specified pieces of equipment. Finally, the invoice submitted in February was held up in view of excessive man-hours. At a negotiating meeting on March 2, 1967, it was agreed that 2,100 direct-labor hours would be disallowed from the invoice."

proper practice on the part of the Contractor. Excessive appears to have been used by EPRO-5 in connection with the cost limitation which GPR placed upon the rehabilitation program, namely of keeping rehabilitation costs within the arbitrary 15% limits used in the program. This appears indicated in a portion of the memorandum to the file which stated:

"... at a meeting on January 24, 1967, Mr. Crocker impressed on the Contractor the necessity to reduce cost. Our schedule of M211 costs was presented for discussion. Out of 137 vehicles completed to date, repair charges averaged 20% or \$42,000 more than the 15% service charge. EPRO advised NIPPI that these charges cannot be tolerated and still maintain the integrity of the revolving fund."

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were highly doubtful and that efforts along these lines would only have served to prejudice the course of the negotiations which were proceeding satisfactorily.

I believe that if we had sought to repudiate the acts of these officials we would have influenced the Contractor to bring his American Counsel in Tokyo into the negotiations and would have retarded the total negotiations without

Mr. JACOBSON. No, I haven't.

Mr. ROBERT. Would you?