Rehabilitation funds

Funds in the amount of P207,000.00 were appropriated by the GOP for the rehabilitation of an anticipated 56 vehicles as provided for in a contract between EEA and Reyes & Sons Motor Works. As of February 12, 1965, P75,285.00 was paid for the rehabilitation of 20 vehicles turned over to EEA leaving a balance of P131,715.00 available to cover the rehabilitation costs of the remaining 14 units. The contractor had refused to release the rehabilitated vehicles to the EEA, or to begin work on others until he was paid and it was only last July 1964 that funds were finally released to EEA so they could pay the contractor. Rehabilitation work on the remaining 14 is continuing at a slow pace.

Conclusion

Based on the available records and information gathered through interviews, it

(b) [illegible] of the vehicles transferred

(c) Obtain adequate operating funds;

(d) Set-up proper records and controls; and

(e) Prepare required reports; the Mission (acting through the Program Office) initiate action, as provided under the terms of the transfer agreement, to repossess the 40 vehicles and transfer them to other GOP agencies who can guarantee proper utilization.

In the event that it becomes necessary to repossess the vehicles and some cannot be returned because the contractor repairing the vehicles has a lien on them, consideration should be given to billing the GOP for the fair value of these vehicles at the date they were transferred.

EXHIBIT 19

Report of Audit

Increase in Production of Minerals—Project No. 489-12-210-605

Increase in Iron Production—Project No. 489-12-210-560

Increase in Coal Production—Project No. 489-12-210-599

For the Period From September 1, 1963 to December 31, 1965

OFFICE OF THE ASSISTANT DIRECTOR/CONTROLLER, UNITED STATES OPERATIONS MISSION TO KOREA, AGENCY FOR INTERNATIONAL DEVELOPMENT

to provide the [illegible] industry (both government owned and private) to develop to a level whereby it could produce those minerals needed within Korea such as coal and limestone, produce other minerals in sufficient quantities to earn foreign exchange through