

exports, and ultimately be in a position to finance its own future development costs. The Ministry of Commerce and Industry (MCI) is the Korean governmental organization responsible for fulfilling these goals, with specific tasks assigned to the Office of Geological Survey (OGS), the Bureau of Mines (BOM), the Research Institute of Mining and Metallurgy (RIMM), and the Korean Office of Minerals Exploration Program (KOMEPE). KOMEPE (the section primarily concerned with exploring and developing mining properties) originally was initiated by BOM and the USOM/K Mining Branch, and legalized by the National Assembly of the Republic of Korea (ROKG). Subsequently, KOMEPE became a part of OGS and augments the technological services and assistance rendered by the OGS, the USOM/K Mining Branch, and U.S. mining engineers under contracts financed by AID, and receives the backing of the research and testing institutions equipped through AID procurement.

KOMEPE has, through acquisition of U.S. Army excess equipment and mining machinery financed by AID, established a rental equipment pool.

Increase in production	489-12-210-560	499.4
Increase in production of minerals	489-12-210-605	1,049.8
Total		13,130.4

¹ Does not include the original acquisition value (approximately \$7 million) of U.S.-owned excess property acquired from U.S. Government sources at no cost under the direct acquisition program.

Scope of audit

Our review was centered upon the operation of the KOMEPE equipment pool to ascertain (a) if adequate accountability records had been established and were being used for the commodities provided; (b) if the commodities provided were being satisfactorily utilized; (c) if the mine owners were being billed accurately and promptly for that equipment rented to them and for royalty fees due; and (d) if the KOMEPE pool was being satisfactorily managed in a business-like manner, and in accordance with the terms of the ProAgs which established KOMEPE. Additional audit work was performed to determine if commodities obtained during the period under review for other phases of the mining industry had been procured in accordance with AID regulations, and if this equipment was being properly utilized. We also reviewed the procedures used in following up on counterpart loans made by the Korean Reconstruction Bank (KRB) for the development of coal mines to ascertain if the funds were being utilized as intended. A further review was made to determine if Koreans trained in the United States under the participant training program had fulfilled their obligations by utilizing the knowledge gained from their overseas training by working in the Korean mining industry.

Responsibilities for the administration of these projects were delegated by the USOM to the Mining Branch.