

1. ~~FOR~~ ~~MINES~~ ~~MANAGEMENT~~ ~~OF~~ ~~THE~~ ~~EXCESS~~ ~~PROPERTY~~ ~~PROGRAM~~
than the amount of loan funds disbursed for facilities improvement, and other mines had not yet provided enough of their own funds to complete the facility program planned.

2. Instances when the team, surveying the facilities completed, erroneously reported equipment rented from KOMEP as facilities which had been procured with loan funds.

In brief, our audit disclosed a significant number of deficiencies requiring corrective action. These deficiencies are detailed in the body of the report, accompanied by our recommendations for appropriate corrective actions.

Prior to publication, a draft copy of this report was submitted for review and comment to the Mining Branch of IED, which expressed concurrence in the report findings.

Follow up on prior audit recommendations

The previous audit reports covering these projects were issued prior to the time when AID funding for coal and minerals other than coal was combined into one project agreement. Consequently, two reports were issued, i.e., No. 285, Increase in Iron Ore Production, January 30, 1964, and No. 301, Increase in Coal Production, April 17, 1964. Report No. 285 contained twelve recommendations which had all been closed based on either adequate follow-up by the USOM/K Mining Branch or on replies received from EPB which were considered satisfactory. Report No. 301 contained one recommendation which is still open. During our current review, we performed further follow-up to ascertain if the action promised in the replies to the recommendations made in Report No. 285 had been fully implemented. We determined that action pertaining to three of

surplus equipment and trucks had not been satisfactory; therefore, additional comparison rates and between similar equipment, and to provide a stimulus to the mining industry. 203-11
EPB should take the action necessary to insure that licenses are promptly issued for the U.S. Army excess trucks furnished to KOMEP. 301-1 5

DETAILED FINDINGS AND RECOMMENDATIONS

KOMEP MINING EQUIPMENT POOL

General

The KOMEP mining equipment pool consists of machinery, spare parts, and maintenance supplies and tools, which are to be used for exploring and developing those mines considered to have potential for producing coal and mineral ores. The pool commodities have been provided primarily from U.S. Army excess property (on a no-cost basis), and also by dollar funding of both new equipment and reimbursable U.S. Army excess property. The pool is physically located in two places, i.e., the OGS headquarters in Seoul, which handles most of the U.S. Army excess equipment, and at Chungju, which primarily handles the equipment, spare parts, supplies, and tools procured in a new condition with dollar funding.