Examination Of Funds Appropriated For Economic And Food Aid To Indochina

Agency for International Development
Departments of State and Agriculture

APRIL 16, 1976
The Honorable Lee H. Hamilton  
Chairman, Special Subcommittee on Investigations  
Committee on International Relations  
House of Representatives  

Dear Mr. Chairman:

As requested in your letter of August 15, 1975, we have reviewed the status of fiscal year 1975 and prior funds appropriated and committed for economic and food aid to Laos, Cambodia, and Vietnam.

We examined the financial records of the Agency for International Development and the Department of Agriculture. We focused on the programs' financial status and on actions to return unobligated funds to the U.S. Treasury. Accordingly, our brief study was financial in nature, and not a broad assessment of the Agency's and the Department's actions in terminating the Indochina programs.

Regarding economic aid funds, as of January 16, 1976, the Agency had identified about $112 million as unobligated balances from terminated Indochina programs. Of this, about $83 million from the Indochina Postwar Reconstruction appropriation was being held for obligation adjustments or for return to the Treasury on June 30, 1976.

Disposition of the other $29 million in non-Indochina Postwar Reconstruction funds had not been completed at the conclusion of our review. However, the Agency had earmarked part of the funds for return to the Department of Defense and the remainder for reprogramming in Agency Middle East programs. The Agency expects to complete action on these funds by June 30, 1976.

We believe that the Agency should clearly tell the Congress what it intends to do with residual Indochina funds in each appropriation. For all funds not being returned to the Treasury, the Agency should specify how much of the funds will be returned to Defense and how the remainder will be reprogrammed (that is, for what countries and for what purposes).
Appropriate congressional committees may want to explore this further with the Agency in upcoming fiscal year 1977 foreign aid hearings. The Congress may also be interested in how Defense is going to dispose of the funds to be returned by the Agency.

Regarding food aid funds, the Department of Agriculture disposed of $27.4 million worth of Public Law 480 title I sales commodities. Commodities valued at $24.7 million were resold at a $13.1 million loss, which was absorbed by the Commodity Credit Corporation. The remaining $2.7 million of commodities were donated for use in other countries. The Department also made available unused Indochina title I sales balances for other title I programs abroad.

In upcoming fiscal year 1977 foreign aid hearings, the Congress may also wish to consider:

--Having the Agency furnish a plan for closing out Indochina activities. Some closeout activities will be time consuming, but Agency officials could not tell us how long they will take.

--Discussing with Agency and New York banking officials how and when the U.S. share of Cambodian Exchange Support Fund assets will be retrieved and returned to the Treasury. The U.S. share of these assets amounts to about $1.4 million.

The appendixes provide detailed information on the above matters.

As requested by Subcommittee staff, we did not obtain written agency comments on these matters. However, we did discuss them with agency officials, and they generally agreed with the facts presented.

We believe the contents of this report would interest other congressional committees and subcommittees and the Departments of State and Agriculture and the Agency for International Development. Therefore, as discussed with your office, we are sending them copies.

Sincerely yours,

Comptroller General of the United States
DISPOSITION OF FUNDS MADE AVAILABLE
FOR ECONOMIC AND FOOD AID TO INDOCHINA

BACKGROUND

In April 1975 U.S. aid programs for Vietnam and Cambodia were cut off as the U.S. Embassies in those countries were evacuated and closed. On June 30, 1975, the Agency for International Development (AID) closed its mission to Laos. In conjunction with these withdrawals, U.S. agencies (including AID and the Department of Agriculture) had to terminate foreign aid program elements, stop making foreign aid deliveries, and dispose of funds and commodities earmarked for Indochina programs.

Congressional interest in returning Indochina funds to the Treasury

In the Indochina Migration and Refugee Assistance Act of 1975, the Congress asked to be kept advised of how U.S. agencies were disposing of Indochina foreign aid funds. Specifically, the Congress required the submission of an initial and periodic 90-day follow-on reports. The reports were to describe Presidential actions to retrieve and deposit in the Treasury all amounts previously authorized and appropriated but not expended for assistance to South Vietnam and Cambodia. In July 1975 testimony before the House International Relations Committee, the AID Deputy Administrator stated that all funds not necessary for liquidating the Indochina program would be returned to the Treasury and that AID had no intention or expectation of using the remaining Indochina money for other than liquidation expenses. According to AID officials, the Deputy Administrator was referring specifically to the return to the Treasury of funds from the Indochina Postwar Reconstruction (IPR) appropriation.

1 The President was not required to report on $98 million in Indochina funds previously allocated for Indochina refugee purposes.

RESULTS OF OUR REVIEW

Our review disclosed that:

--As of January 16, 1976, AID had identified about $112 million as unobligated balances from terminated Indochina programs. Of this, about $83 million from the IPR appropriation was being held for obligation adjustments of for return to the Treasury on June 30, 1976. The other $29 million in non-IPR funds was earmarked for return to the Department of Defense or for reprogramming in AID's other assistance programs.

--The Department of Agriculture made residual Indochina title I food aid funds available for other title I programs and resold $24.7 million worth of Indochina commodities frustrated1 in various overseas ports. These commodities were sold at a loss of $13.1 million. Additional commodities valued at $2.7 million were donated for use in other countries.

--AID is involved in several time-consuming closeout activities, and finally disposing of commodities and settling attendant claims will probably not be completed for a long time.

--Action was taken to freeze the U.S. dollar assets of the Cambodian Exchange Support Fund under Foreign Assets Control regulations. AID also asked a New York bank to have the U.S. portion of these assets--about $1.4 million--returned to the Treasury.

--According to the State Department, the Laos Foreign Exchange Operations Fund was being terminated and U.S. and other donor foreign exchange contributions would be completely expended by the end of March 1976.

AID efforts to retrieve Indochina fund balances

AID established special task force groups to close out the Indochina programs. These groups were settling terminated contracts, reviewing outstanding letters of credit, disposing

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1 "Frustrated" commodities were those enroute to Indochina countries when U.S. programs terminated. They were stranded in various Asian ports.
of frustrated aid cargo, settling employee claims, and liquidating the obligations on AID's records at the time of termination. Appendix II describes these activities and the progress being made in winding up Indochina programs.

The task force groups' actions eventually affect AID's accounting records. As of January 16, 1976, about $112 million in fiscal year 1975 and previous funds had been identified as unobligated balances, as shown below.

<table>
<thead>
<tr>
<th></th>
<th>Vietnam</th>
<th>Cambodia</th>
<th>Laos</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPR funds</td>
<td>$66,793</td>
<td>$13,950</td>
<td>$2,003</td>
<td>$82,746</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>215</td>
<td>-41</td>
<td>-407</td>
<td>-233</td>
</tr>
<tr>
<td>Other non-IPR funds</td>
<td>28,610</td>
<td>540</td>
<td>230</td>
<td>29,380</td>
</tr>
<tr>
<td></td>
<td>$95,618</td>
<td>$14,494</td>
<td>$1,826</td>
<td>$111,893</td>
</tr>
</tbody>
</table>

**IPR (regional unallocated)**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c-19</td>
<td></td>
<td></td>
<td>$111,874</td>
</tr>
</tbody>
</table>

*This figure is overstated by $20,000 because of a 5-day time lag in cutoff and reporting dates.*

*The July 1, 1975, Vietnam mission operating expense pipeline was understated by $2,000; this will be corrected.*

*Credit balances are as of the stated interim period and are subject to adjustment.*

Most of these unobligated funds were returned to the original appropriation accounts; AID had not returned any funds to the Treasury. AID is holding the IPR funds for obligation adjustments or return to the Treasury on June 30, 1976. The other $29 million of non-IPR funds is expected to be returned to the Department of Defense or become available for other AID programs. These appropriations and unobligated balances are as follows:
<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Vietnam</th>
<th>Cambodia</th>
<th>Laos</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting assistance</td>
<td>$27,286</td>
<td>$540</td>
<td>$0</td>
<td>$27,826</td>
</tr>
<tr>
<td>Consolidated working fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Defense-reimbursed projects)</td>
<td>1,260</td>
<td>0</td>
<td>110</td>
<td>1,370</td>
</tr>
<tr>
<td>Population</td>
<td>37</td>
<td>0</td>
<td>116</td>
<td>153</td>
</tr>
<tr>
<td>Narcotics</td>
<td>27</td>
<td>0</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td><strong>$28,610</strong></td>
<td><strong>$540</strong></td>
<td><strong>$230</strong></td>
<td><strong>$29,380</strong></td>
</tr>
</tbody>
</table>

At the conclusion of our review, AID and the Department of Defense had not determined the status of unobligated supporting assistance and other funds advanced by Defense. These funds were made available to pay for such Indochina activities as road building and medical support. Therefore, we could not establish how much of the above funds would be returned to Defense. According to AID officials, action on Defense reimbursable funds would be completed by June 30, 1976.

Defense financial officials believed that the funds to be returned by AID were operations and maintenance funds. They said these funds will probably be credited to the surplus account in the general fund for possible restoration to merged accounts and thus become available for paying other Defense operations and maintenance obligations, such as increased petroleum costs.

Regarding other residual non-IPR funds, AID planned to request authority from the Congress to reobligate these funds for use in the Middle East.

We believe that AID should clearly tell the Congress what it intends to do with residual Indochina funds in each appropriation. For all funds not being returned to the Treasury, AID should specify how much of these funds will be returned to Defense and how the remainder will be reprogramed (that is, for what countries and for what purposes). Appropriate congressional committees may want to discuss this matter further in upcoming fiscal year 1977 foreign aid hearings. The Congress may also be interested in how Defense is going to dispose of the funds to be returned by AID.
APPENDIX I

Food aid to Indochina

When the Indochina programs terminated, there were Public Law 480 title I sales programs in Vietnam and Cambodia and title II food donation programs in all three Indochina countries.

Title I program commodities

Title I food program authorizations and shipments for Cambodia and Vietnam during fiscal year 1975 were as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Signed agreements</th>
<th>Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>Value</td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>209,000</td>
<td>$92.6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>95,500</td>
<td>45.7</td>
</tr>
</tbody>
</table>

*Includes carryover from fiscal year 1974 agreements.*

When the United States withdrew from Vietnam and Cambodia, some title I commodities were enroute to these countries. AID helped the Department of Agriculture to dispose of frustrated Public Law 480 title I commodities. After acquiring custody of the frustrated commodities, Agriculture was authorized to sell or otherwise dispose of them. These commodities were located in the ports in Singapore, Hong Kong, Bangkok, Manila, Guam, and Pusan (Korea). The following tables show the status of frustrated Public Law 480 commodities, according to AID and Agriculture records:

Commodities Resold

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
<th>Net resale proceeds</th>
<th>Net loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>$2,464,265</td>
<td>$2,251,885</td>
<td>$212,380</td>
</tr>
<tr>
<td>Wheat</td>
<td>2,979,869</td>
<td>1,930,365</td>
<td>1,049,504</td>
</tr>
<tr>
<td>Rice</td>
<td>19,213,018</td>
<td>7,383,096</td>
<td>11,829,922</td>
</tr>
<tr>
<td></td>
<td><strong>$24,657,152</strong></td>
<td><strong>$11,565,346</strong></td>
<td><strong>$13,091,806</strong></td>
</tr>
</tbody>
</table>
According to Agriculture officials, proceeds from the sale of the commodities were deposited in a special Commodity Credit Corporation account, pending disposition under Treasury Foreign Assets Control regulations.

The remaining title I funds originally earmarked for Indochina programs were made available for other title I sales programs.

Commodities Donated

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>$562,822</td>
</tr>
<tr>
<td>Wheat</td>
<td>$2,090,991</td>
</tr>
</tbody>
</table>

Portions of frustrated title I rice shipments—1,222 metric tons valued at about $562,822—were either donated for use by refugees in Guam and Thailand or airlifted to Cambodia before the United States ceased airlift operations.

One title I shipment, 12,754 metric tons of wheat purchased for about $2.1 million and originally destined for Vietnam, was reprogramed for the title II program in India.

Title II program commodities

Expenditures to support title II programs in Indochina during fiscal year 1975 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Vietnam</th>
<th>Cambodia</th>
<th>(note a) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(000 omitted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular voluntary agency programs</td>
<td>$3,500</td>
<td>$361</td>
<td>$196</td>
</tr>
<tr>
<td>Government to government program</td>
<td>0</td>
<td>0</td>
<td>796</td>
</tr>
<tr>
<td>Emergency program</td>
<td>500</td>
<td>2,563</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>$4,000</td>
<td>$2,924</td>
<td>$992</td>
</tr>
</tbody>
</table>

*Congressional dollar limitations on aid to Laos restricted title II support in fiscal year 1975. All commodities shipped were chargeable to prior year transfer authorizations.
The regular fiscal year 1975 title II program for Vietnam consisted of 14,316 metric tons of blended foods for three voluntary agency programs. About 5,000 metric tons frustrated when the country fell were diverted to other title II programs, 6,600 metric tons were used in the country's programs, and the remainder was not purchased.

A few months before the fall of South Vietnam, an emergency title II allocation of 113,500 metric tons of food was authorized to support feeding programs for refugees. However, only 2,450 metric tons, which was diverted from other title II programs, was delivered to Vietnam.

The regular fiscal year 1975 title II program for Cambodia consisted of 4,500 metric tons of blended foods authorized for two voluntary agencies. When the U.S. mission withdrew, about 920 metric tons of this allocation had entered Cambodia and been used to support humanitarian assistance feeding efforts, 420 metric tons had been diverted to other destinations, and the balance had not been purchased or shipped from the United States.

As in Vietnam an emergency refugee program consisting of 24,500 metric tons of food was authorized for Cambodia. But only 5,115 metric tons was actually delivered.

In summary, all title II commodities in the pipeline originally programed or diverted for use in Vietnam and Cambodia have been reallocated to other humanitarian assistance programs.

The AID Indochina closeout: how long will it take and how much will it cost?

AID is involved in several time-consuming closeout activities; finally disposing of commodities and settling attendant claims will probably not be completed for a long time. Many contract claims have to be resolved, letters of credit have to be settled, disposition is still being made on frustrated cargo in Far East ports, many personal loss claims against the U.S. Government are being processed, and AID officials are still analyzing Indochina accounting records. (See app II.)

AID officials could not say exactly how long it would take or how much it would cost to close out Indochina programs, but they felt that most closeout activity would be completed by June 30, 1976.
Terminating Indochina programs displaced 525 American AID employees. A January 22, 1976, AID Indochina disposition report shows 139 of these employees still working on temporary assignments. Some AID employees were working indirectly on closeout activities as part of their normal duties.

AID projected that fiscal year 1976 costs for Indochina closeout activities would be about $6.3 million, not including $3.3 million for the cost of AID employees assigned to the Interagency Task Force on Indochina Refugees. The latter costs are reimbursed by the State Department.

AID told the Congress that it was using program funds to pay employees to close out Indochina programs under the authority of section 617 of the Foreign Assistance Act. This section states that funds made available under the act shall remain available for up to 8 months after assistance is terminated to pay for winding up applicable programs. Indochina programs were terminated between April and June 1975, so the 8-month fund availability period ended between December 1975 and February 1976. According to AID financial officials, they initially paid Indochina employees from the IPR appropriation, but as of January 1, 1976, they began paying these costs with operating expense funds.

An AID General Counsel official said AID was requesting in pending security assistance legislation that IPR funds continue to be available for paying termination costs. AID also plans to request authority to use $6.3 million of IPR funds to finance Indochina closeout activities.

We were able to develop only limited information on how long it would take and how much it would cost to close out the Indochina programs. Unquestionably, some closeout activities will be time consuming, but AID officials could not tell us how long they will take. To clarify this matter, AID should tell the Congress how and when the Indochina programs will be completed. Appropriate congressional committees may want to ask AID in upcoming fiscal year 1977 foreign aid hearings for a plan for the closeout of Indochina activities.

Of the total, 39 were assigned directly to Indochina disposition activities, 13 to reimbursable duties with the Interagency Task Force on Indochina Refugees, and 87 to other temporary duties.
Cambodian Exchange Support Fund

The Cambodian Exchange Support Fund was established in early 1972 to finance certain types of imports and other services at realistic rates of exchange. The United States and six other countries have contributed to the Fund. Through calendar year 1974 the United States contributed $42.9 million, and in 1975 it put in about half of total Fund contributions of $25.9 million.

The Fund's activity was suspended in April 1975, when the fund had asset balances of about $2.9 million in U.S. dollar accounts in three New York banks.

Action was taken to freeze the U.S. dollar accounts under Foreign Assets Control regulations. AID officials later acted to have the U.S. share of these assets--about $1.4 million--returned to the Treasury.

AID's January 6, 1976, letter to the Irving Trust Company in New York (all U.S. dollar contributions are deposited in this bank) advised the bank that:

--The 1972 U.S.-Cambodia Fund agreement calls for residual Fund assets to be distributed among contributing governments in proportion to their contributions.

--Individual donor equity, determined in a September 1975 draft report by a U.S. certified public accounting firm, showed the U.S. share of assets to be about $1.4 million.

AID asked the bank (1) to send the $1.4 million to the Treasury and (2) to transfer the Fund moneys from a demand account to an interest-bearing account.

An AID official speculated that the bank would probably not be willing to distribute Fund assets until all parties involved agreed on a termination plan. At the conclusion of our review, the bank had not yet responded to AID's request for return of U.S. assets.

In upcoming fiscal year 1977 foreign aid hearings, the Subcommittee may want to ask AID and New York banking officials for an assessment of how and when U.S. Fund assets will be retrieved.
Laos Foreign Exchange Operations Fund

The Foreign Exchange Operations Fund was established to combat inflationary pressures due mainly to the large budgetary deficits of the Laotian Government. The Fund sells foreign exchange provided by the United States and four other countries for local currency.

Over the 12-year period ended in 1975, the United States contributed to the Fund about $160 million, representing about two-thirds of the total contributions by donor countries. The United States intended to make a contribution of $16 million for calendar year 1975, but contributions amounted to only about $5 million as of May 1975, when U.S.-Laotion relations became strained. At that time, AID officials in Laos were harassed and finally asked to leave the country. The AID program to Laos was unofficially terminated as of June 30, 1975. However, on July 15, 1975, U.S. officials signed a calendar year 1975 Fund agreement with the Laotian Government. According to an AID official, the new agreement was to help other foreign donors carry on in Laos and to state that the U.S. contribution would be limited to the $5 million already provided.

AID said that Fund assets had been held in a U.S. bank until last summer, when the account was transferred to a bank in Singapore. AID officials referred us to the State Department for the current status of the Fund.

The State Department advised us that the Fund was being terminated. Donor countries, through their representatives in Vientiane, had been informed that the Fund would exhaust its foreign exchange holdings by the end of March 1976 and thus would cease to exist. The Department noted that section 109 of the fiscal year 1976 Foreign Assistance Continuing Resolution clearly prohibits any additional aid to Laos.
AID ACTIVITIES IN CLOSING OUT

THE INDOCHINA PROGRAMS

AID established special task force groups to close out the Indochina programs. These groups were settling terminated contracts, reviewing outstanding letters of credit, disposing of frustrated aid cargo, settling employee claims, and liquidating the obligations on AID's records at the time of termination.

CONTRACT SETTLEMENT

According to AID, 172 contracts valued at about $127.1 million were terminated by the cancellation of AID programs in Cambodia, Vietnam, and Laos. An AID group composed of contracting officers, the General Counsel, and the Auditor General was established to adjudicate and process claims stemming from these contract terminations. A contract settlement board was also established.

As of January 22, 1976, AID reported that:

--169 of the 172 grants and contracts had been terminated.

--Contractors have a year from date of termination to submit final claims; 125 claims valued at about $12 million had been received. These claims included requests for reimbursement for such losses as employees' property, contractors' equipment, prepaid rent and insurance, local currency conversion, bank deposits, and petty cash.

--AID had audited 75 of the claims, negotiated 15, and settled 34.

An AID General Counsel official said that the AID fiscal year 1977 budget request will include $3.3 million for contractor claims associated with the termination of Indochina programs during fiscal year 1976. AID was expected to ask the Congress for authority to reobligate IPR funds for contractor claims in the following areas: (1) direct contract personal and corporate property claims, $2.4 million, (2) host country contracts liabilities, $600,000, and (3) host country contract property claims, $300,000. AID believes that it has no legal liability under host country
contracts because it is not a party to the contracts. However, AID wants to provide relief for host country contractors and provide extraordinary relief for some direct contract claims because:

--In many cases, U.S. officials urged the contractors to stay longer than they might have otherwise stayed and AID thinks this created a moral obligation to take care of them.

--Failure to pay persuasive cases could damage AID's reputation and make it harder and more expensive to contract for good work in risky conditions in the future.

In summary, AID has settled only about 27 percent of the claims filed, large numbers of claims still await processing, and contractors still have up to a year to file additional claims. AID therefore expects that contract settlement will be the last activity completed in the Indochina closeout process.

LETTERS OF CREDIT

AID has identified as outstanding 2,035 letters of credit valued at about $56 million for Vietnam and 157 valued at about $10.5 million for Cambodia. As of January 22, 1976, AID reported the following:

<table>
<thead>
<tr>
<th>Number</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit settled (shipments made)</td>
<td>1,107</td>
</tr>
<tr>
<td>Letters of credit settled (negotiated)</td>
<td>134</td>
</tr>
<tr>
<td>No apparent AID liability</td>
<td>866</td>
</tr>
<tr>
<td>Potential liability outstanding</td>
<td>85</td>
</tr>
</tbody>
</table>

2,192 $66,560

This total letter of credit amount was settled for $967,000.

This amount does not include 93 letters of credit totaling $3,150,000 which some suppliers have made claims against but which were not reported by U.S. banks as being active at date of cutoff.
AID is reconciling its records and has sent letters to suppliers with outstanding letters of credit. AID has set a deadline for responding; it will consider the letters of credit to be settled if companies do not respond by that date. Negotiations still underway with a few large companies account for most of the letters of credit pending settlement. Most smaller suppliers have cooperated in responding and settling with AID. No supplier has yet sued AID, nor has AID found evidence of falsification in suppliers' claims. For items manufactured specifically for Indochina that have no resale value, AID is settling on the full value less salvage and is requiring proof of salvage before payment.

FRUSTRATED CARGO

AID representatives have accounted for and inventoried about $30.1 million of commodities frustrated enroute to Cambodia, Vietnam, and Laos. These commodities, which were stored in Singapore, Bangkok, Hong Kong, Manila, and U.S. ports, are being disposed of.

The status of AID-financed frustrated cargo as of January 22, 1976, is as follows:

--The U.S. Government has taken title to commodities involving 1,697 transactions valued at $30.1 million.

--Action has been taken involving 971 transactions to (1) dispose of commodities with an original FOB cost of about $13.6 million and (2) transfer commodities valued at $3.1 million to other Government agencies.

--Commodities involving 726 transactions valued at about $10.7 million are still awaiting disposal.

Proceeds from disposal are currently about 48 percent of FOB cost. According to an AID official, final proceeds will probably be about 50 percent of FOB cost because many of the remaining goods cannot be easily resold.

We have made a specific study of Indochina frustrated cargo and are preparing a report to the Congress.
CLAIMS FOR PERSONAL PROPERTY LOSSES

As of January 22, 1976, 432 claims have been submitted to the Department of State, the adjudicating agency for personal property losses, as a result of termination of programs in Indochina. The Department has forwarded 352 of these claims to AID for further processing; the other 80 are under review. The status of these claims, according to AID information, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Laos</th>
<th>Cambodia</th>
<th>Vietnam</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of claims turn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>over to AID</td>
<td>107</td>
<td>17</td>
<td>228</td>
<td>352</td>
</tr>
<tr>
<td>Amount recommended</td>
<td>$564.8</td>
<td>$32.5</td>
<td>$1,034.8</td>
<td>$1,732.1</td>
</tr>
<tr>
<td>for payment (thousan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number forwarded for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payment</td>
<td>92</td>
<td>17</td>
<td>222</td>
<td>331</td>
</tr>
<tr>
<td>Amount forwarded for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payment (thousands)</td>
<td>$486.8</td>
<td>$32.6</td>
<td>$1,019.1</td>
<td>$1,538.5</td>
</tr>
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aThe difference in amount recommended for payment and amount forwarded for payment is attributable to minor errors discovered in a later AID review.

AID advised that (1) claims for personal losses must be presented in writing not later than 2 years after the loss occurred and (2) the maximum amount payable is $15,000, as provided by Public Law 93-455, dated October 18, 1974.

VALIDATING OBLIGATIONS ON AID's ACCOUNTING RECORDS

AID financial employees were attempting to reconstruct AID's Indochina accounting records and were validating obligations on AID's records as of the time Indochina programs were terminated. Funds no longer needed were being processed for deobligation by journal vouchers, which release funds

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1Losses incurred by direct-hire employees and under participating agency service agreements and personal service contracts.
from specific AID allotments. The released funds are reported in AID's financial reporting and would be available for reprogramming as needed. These funds eventually show up in AID's central accounting appropriation records.
The Special Subcommittee on Investigations would like very much for the General Accounting Office to examine all economic and food aid accounts for Laos, Cambodia and Vietnam in order to determine the status of funds appropriated by Congress and committed for those countries in fiscal year 1975 and funds and goods from previous years that have not been obligated, expended and delivered.

I understand that the General Accounting Office is already undertaking some work on the Commodity Import Program and other evacuation and refugee activities, and naturally, this work might be a part of the larger picture we seek.

My staff consultant, Mike Van Dusen, is available to talk to members of your staff about this project and I hope that you will be able to commit the necessary staff time to this project so that it can be completed by the end of March 1976.

I appreciate your consideration of this matter.

Sincerely yours,

LEE H. HAMILTON
Chairman, Special Subcommittee on Investigations
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