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 COMPTROLLER GENERAL OF THE UNITED STATES
 WASHINGTON, D.C. 20548

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Dear Senator Bayh:

We have completed the review requested in your letter of February 17, 1971, with which you forwarded correspondence from Mr. Albert Hargreaves relative to his problem in obtaining reimbursement of certain expenses from a private corporation under contract with the Peace Corps. 35

Although the claim for monies due would appear to be properly a matter for resolution between the employee, Mr. Hargreaves, and the employer, the Development and Resources Corporation, we did look into the situation in order to provide data for a reply to your constituent.

2 The Development and Resources Corporation is under contract D1907 with the Peace Corps to provide professional training and technical support services to Peace Corps staff and volunteers for agricultural and rural development programs in countries in the North Africa, Near East and South Asia Region as specifically requested by the Peace Corps. These services are principally performed by qualified technical specialists hired by the Contractor on a short-term basis to provide the technical expertise necessary to accomplish the program objectives. The Contractor directs the work of the technical specialists and provides professional guidance and administrative support.

To staff an in-country training program under this contract, Mr. Albert Hargreaves was employed by the Development and Resources Corporation on September 23, 1970, to perform services in connection with the Maharashtra Small Industries Program in India. The short-term employment agreement executed between Mr. Hargreaves and the Contractor provided initially for participation in a 3-week pretraining session in India and subsequently to serve as Project Director of the Maharashtra Small Industries Program during the period from approximately November 14, 1970 through February 13, 1971.

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The Project Director is responsible for the overall training program, including its administration as well as content, and as such must assure that the various components such as language, cross-cultural and technical studies are integrated so that a meaningful program will result.

Mr. Hargreaves arrived in India on October 9, 1970, to attend the pretraining session. During this orientation period, Peace Corps' records show that it was determined that Mr. Hargreaves did not prequalify as Project Director of the Maharashtra Small Industries Program and would not be asked to conduct that program for the Peace Corps.

Subsequent to Mr. Hargreaves' return to the United States, he submitted a claim to the Development and Resources Corporation for reimbursement of expenses incurred during the trip to India to participate in the pretraining session. This claim, which was primarily for costs of hotels, food and taxi fares, was apparently submitted on the basis that actual subsistence expenses would be reimbursed up to \$35 a day, provided that the expenses were supported by receipts or certifications, as set forth in Development and Resources Corporation's "Notes on Travel and Business Expense Regulations."

Upon submission of the expense report, the Contractor took exception to Mr. Hargreaves' claim of about \$22 a day on the basis that it exceeded the per diem rates established by the Peace Corps contract. In this respect, Article XIV of the contract states, in part:

"D. Per diem should be computed and billed in accordance with Section 925 of the Standardized Regulations (Government Civilians, Foreign Areas) except as modified by the provision of the Peace Corps Manual, Section 811."

The referenced Peace Corps Manual establishes various rates, by location, which range from \$7 to \$13 a day in India. Based on these varying rates of per diem, plus other exceptions, the Development and Resources Corporation allowed Mr. Hargreaves reimbursable expenses totalling \$259.53. Since Mr. Hargreaves had been advanced \$302.63, application of these expenses resulted in an outstanding advance of \$43.10.

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It appears that Mr. Hargreaves was not aware of the subsistence rates in India as imposed on the Development and Resources Corporation under the terms of the contract with the Peace Corps and was not pleased with the exceptions taken to his travel claim. It is to be noted, however, that Mr. Hargreaves' employment agreement did not specifically provide for the reimbursement of subsistence expenses during his assignment to India nor did it set forth a specific rate that could be claimed.

During the course of our review, we were advised by a Peace Corps' contracting official that on March 2, 1971, Mr. Hargreaves and the Development and Resources Corporation had reached an agreement whereby he was granted a sum equivalent to three days severance pay less the advance outstanding and federal payroll deductions. Final settlement, we were informed, was made to Mr. Hargreaves on March 3, 1971.

With respect to Mr. Hargreaves' comments regarding the method by which the Development and Resources Corporation employs the necessary technical specialists to fulfill its contract with the Peace Corps, our review noted no contractual provisions which would preclude the Contractor from hiring individuals as short-term employees in lieu of consultants. Consideration will be given to the relative merit and financial effect of the various methods utilized by contractors in obtaining personnel on a short-term basis during our current review at the Peace Corps which involves certain aspects of contracting policies and procedures.

In accordance with your request, we are returning the original letter. If you have any questions relative to this review, we will be pleased to discuss them with you or your staff.

Sincerely yours,

Assistant


Comptroller General
of the United States

Enclosure

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The Honorable Birch Bayh
United States Senate