

THE WASHINGTON POST Sunday, Oct. 11, 1970 A3

AID Goods for Laos Vanished, GAO Says

By Ronald Koven

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Investigators for the General Accounting Office found serious losses of U.S. relief goods intended for refugees in Laos, according to a report released yesterday. But the GAO said it could only conclude that there is still a need for AID to review its procedures and to improve them.

In two weeks of spotchecking, GAO investigators found that \$109,000 worth of goods shipped from Thailand to Laos had inexplicably disappeared, according to a summary of the report released by Sen. Edward M. Kennedy (D-Mass.), chairman of the Judiciary Subcommittee on Refugees.

The GAO, an investigating arm of Congress, conducted its investigation of U.S. Agency for International Development programs at the Kennedy Subcommittee's request.

Kennedy alleged that "sloppy management, weak accountability procedures, and a serious loss or diversion of commodities characterized some AID programs in Laos" and that this raises "serious doubts about the efficiency and effectiveness of all U.S. aid programs to Vientiane, the capital of Laos."

AID spokesmen in Washington said they would have no comment until they had studied the GAO report. They said many of the loose practices the GAO had reported to AID personnel on the spot had since been tightened up.

After the GAO's field investigation, conducted in July and August, AID told the GAO it had found documents accounting for most of the missing \$109,000 worth of goods.

Daniel De Haar, the counsel for the Subcommittee, said a number of obstacles had been placed on the GAO investigation by the Central Intelligence Agency.

He said that an attempt had been made to prevent the GAO investigators from going to Laos on the grounds that no travel funds were available for them and that the CIA had attempted to invoke executive privilege to prevent the investigators from seeing the records for the refugee aid program.

Examples of mismanagement the GAO found included:

- Transportation bills submitted by a military-controlled Thai government agency, Express Transportation Organization, were paid without proof that goods shipped from Thailand had been received in Laos.

- A Thai private company, Ear Peng Chiang, was paid for delivering a shipment of steel bars and axes which was not received in Laos.

- "USAID was not processing most claims against carriers for shortages or damages incurred in transit."

U.S. aid to Laos runs about \$50 million yearly, a third of which is designated for refugees. The GAO investigators spotchecked programs worth a total of \$14.1 million in fiscal year 1970.

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Mr. Coffey -

I talked with Mr. []
secretary.

Mr. [] has been out ill
all week -- she does not think he
will be in tomorrow.

I explained I was phoning about
the attached Department of State
message.

She told me that nothing has come
up -- in fact, everything is very
quiet.

If she does hear anything on this
subject, she will give me a call.
(I told her we would phone again
next week.) OK?

p.

APPROVED FOR
RELEASE □ DATE:
22-Oct-2009

NONE/UNKNOWN