

**Audit of USAID/Bosnia-Herzegovina's  
Municipal Infrastructure and Services Program  
for the Period  
April 1 through September 30, 1998**

**Audit Report No. B-168-99-003-P  
August 13, 1999**

**Regional Inspector General  
Budapest, Hungary**



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE REGIONAL INSPECTOR GENERAL  
NYAR UTCA 32 BUDAPEST, HUNGARY 1071  
TELEPHONE: 36-1-352-8551/8553  
FACSIMILE: 36-1-352-8539

August 13, 1999

## MEMORANDUM

**TO:** USAID/Bosnia-Herzegovina, Craig G. Buck

**FROM:** RIG/Budapest, James R. Bonnell

**SUBJECT: Audit of USAID/Bosnia-Herzegovina's Municipal Infrastructure and Services Program for the Period April 1 through September 30, 1998**

This memorandum is our final report on the subject audit. In preparing the report, we considered Mission comments on the draft report and included them at Appendix II. The report concludes that, for the items tested, program funds were used for the purposes authorized. Furthermore, the audit points out that at midpoint, program accomplishments far exceed original construction targets.

This report makes no recommendations. As explained in our conclusion, RIG/Budapest will end its concurrent audit of the MIS Program with this report. RIG/Budapest is committed to working with the Mission in providing audit coverage on future assistance programs to the extent resources permit.

Thank you for your assistance and the courtesies extended to my staff during the audit.

---

## Background

In early May 1996, the Assistant Administrator for the Bureau of Europe and the New Independent States (ENI) authorized the 4½-year, \$182 million Municipal Infrastructure and Services (MIS) program. This balance-of-payments initiative finances the reconstruction of community infrastructure in Bosnia-Herzegovina. On January 21, 1998, ENI Deputy Assistant Administrator approved amendment number one to the MIS program that increased the life-of-project funding to \$265 million. On May 9, 1996, the United States and Bosnia-Herzegovina signed a grant agreement to obligate the initial \$23 million for the MIS program. As of September 30, 1998, approximately \$193.4 million has been obligated—about \$160.7 million for

infrastructure projects and \$32.7 million for program implementation. As shown in **Table 1**, USAID has transferred a total of \$160.7 million to Bosnia-Herzegovina.

<b>OBLIGATING DOCUMENT</b>	<b>AMOUNT (millions)</b>	<b>DATE OF FUNDS TRANSFER</b>
Grant Agreement	\$23.0	May 1996
Amendment #1	35.0	September 1996
Amendment #2	52.0	March 1997
Amendment #3	5.7	September 1997
Amendment #4	45.0	April 1998
<b>Total Obligated</b>	<b>\$160.7</b>	

**TABLE 1: Summary of Obligations and Funds Transfers as of September 30, 1998**

---

## **Audit Objective**

The objective of this concurrent audit was to determine whether USAID/Bosnia-Herzegovina and the implementing contractor used economic revitalization assistance funds designated for the Municipal Infrastructure and Services program for the purposes authorized under the Grant Agreement and Public Law 104-122.

The Office of the Inspector General has issued periodic reports on the Municipal Infrastructure and Services program. This is the sixth report<sup>1</sup> on that program. Appendix I contains a discussion of the scope and methodology for the audit.

---

## **Audit Findings**

### **Did USAID/Bosnia-Herzegovina and the Implementing Contractor Use Economic Revitalization Assistance Funds Designated for the Municipal Infrastructure and Services Program for the Purposes Authorized Under the Grant Agreement and Public Law 104-122?**

For the items tested, USAID/Bosnia-Herzegovina and the implementing contractor used the economic revitalization assistance funds designated for the Municipal Infrastructure and Services (MIS) program for the purposes authorized under the MIS grant agreement and Public Law 104-122.

---

<sup>1</sup> See Audit Report Nos: B-168-97-003-P, dated March 26, 1997; B-168-97-005-P, dated June 27, 1997; B-168-98-002-P, dated January 9, 1998; B-168-98-003-P, dated March 26, 1998; and B-168-98-007-P, dated September 30, 1998.

## **Status of the MIS Program**

As of September 30, 1998, USAID/Bosnia-Herzegovina (hereafter referred to as USAID or the Mission) had obligated and disbursed approximately \$160.7 million to Bosnia-Herzegovina; approximately \$63.7 million to implement fiscal year (FY) 1996 MIS projects, \$52 million for FY1997 projects, and \$45 million for FY1998 projects. See Appendix V for more details on program obligations and disbursements.

**Table 2**, below, summarizes key information on the number and cost of MIS and Community Infrastructure Rehabilitation Projects (CIRP) for Fiscal Years 1996, 1997, and 1998 as of September 30, 1998. The table also provides information on the number and dollar value of subcontracts and purchase orders which are included in the dollar values of MIS and CIRP projects

<b>DESCRIPTION</b>	<b>FY1996</b>	<b>FY1997</b>	<b>FY1998</b>
Number of approved MIS projects	48	49	57
<b>Dollar value of approved MIS projects</b>	<b>\$57.2</b>	<b>\$42.6</b>	<b>\$35.2</b>
Number of approved CIRP	169	143	84
<b>Dollar value of approved CIRP</b>	<b>\$7.0</b>	<b>\$8.0</b>	<b>\$7.0</b>
Number of subcontracts – MIS projects	81	72	19
<b>Dollar value</b>	<b>\$20.2</b>	<b>\$17.7</b>	<b>\$6.4</b>
Number of subcontracts – CIRP	155	170	56
<b>Dollar value</b>	<b>\$5.7</b>	<b>\$8.2</b>	<b>\$4.3</b>
Number of purchase orders – MIS & CIRP	215	145	38
<b>Dollar value</b>	<b>\$32.9</b>	<b>\$19.5</b>	<b>\$3.9</b>

**TABLE 2: Summary of Key Program Statistics, Fiscal Years 1996-1998 as of September 30, 1998**

Note: All dollar values in millions.

The construction status of approved MIS and CIRP projects as of September 30, 1998, are as follows:

- Fiscal Year 1996. Of the 48 MIS projects, construction was in-progress on 5 projects, essentially complete for 1 project, and complete for 42 projects. Subcontractors had completed 163 of the 169 CIRP projects.

- Fiscal Year 1997. Of the 49 MIS projects, construction was in-progress on 16 projects, essentially complete for 4 projects, and complete for 29 projects. Subcontractors had completed 129 of the 143 CIRP projects.
- Fiscal Year 1998. Of the 57 MIS projects, construction was in-progress on 48 projects, essentially complete for 1 project, complete for 1 project, and work had not yet begun for 7 projects. Subcontractors had completed 9 of the 84 CIRP projects.

During this reporting period, the implementing contractor (Parsons Delaware, Inc., hereafter referred to as Parsons) reconciled the final project costs. In a memorandum dated July 2, 1998, Parsons provided USAID with a list of fiscal years 1996 and 1997 MIS projects for which all payments were complete. The list included 15 projects for FY1996 and 11 projects for FY1997, bringing the totals to 40 projects and 34 projects, respectively.

**Fiscal Year 1999.** During this reporting period, Mission personnel reviewed project proposals and, in December 1998, completed its 1999 planning process for the MIS program. The total value of the FY1999 program is \$46.4 million that will be distributed in five sectors: energy/power, water resources, transportation, health, and education. Also included in the FY1999 plan is a \$12.2 million budget for CIRP.

MIS program accomplishments for fiscal years 1996-1998 are obvious when compared to the original construction targets. For example, the MIS program targets included 65 projects; but just past the midpoint of the 54-month program, 78 such projects were essentially complete. The construction targets also included completion of 40 small infrastructure projects over the life of the program. Here, again, 29 months into the program, subcontractors have completed six times that many, or 242 small infrastructure projects. Appendix III details construction targets, budgets, and status of the MIS program as of September 30, 1998.

### **Results of Audit Tests**

During our sixth and final reporting period on the MIS program, we focused audit work on: (1) visits to project sites and status updates of project activities, (2) follow-up on CIRP monitoring, and (3) a survey of the local procurement process.

**Site Visits.** During this period, we visited and inspected 8 MIS and 22 CIRP sites to verify project existence, construction status, and the monitoring done by USAID and Parsons. No major problems were found; however, we identified potential problems at three CIRP facilities that were not being utilized as intended. We discussed each instance with Mission officials, but did not issue a report of audit finding on the problem because the situations were similar to those in a previous audit finding<sup>2</sup>. The Mission took the following corrective actions to resolve these potential problems:

---

<sup>2</sup> See Audit Report No. B-168-98-002-P, dated January 9, 1998, for the period April 1 through June 30, 1997.

- At the Ravne-Brcko Health Center in Zovik, the laboratory was unequipped and there was no staff dentist for the fully-equipped dental office. Nevertheless, health center personnel see approximately 350 patients per month. During a follow-up visit, the project coordinator verified that the laboratory is now sufficiently equipped to process all initial blood work. A staff dentist was employed by the clinic, but has since left due to an insufficient caseload. Other specialist doctors visit the health center periodically.
- At the four-room elementary school in Zivinice we found that repairs were completed, but the school was not being used because the Municipality could furnish only one room. Subsequent to our field visit, the USAID project coordinator visited the school and observed that all rooms were furnished and classes were in session.
- A steel bridge connecting villages with the Municipality of Sekovici was rebuilt for both pedestrian and vehicular traffic. However, at the time of our visit, only pedestrians were able to use the bridge because the Municipality had not completed the access road. USAID approved a proposal to build the road. According to the project engineer, work is about 70 percent complete and should be completed by the end of July 1999.

Appendix IV notes the construction status of the 30 projects visited during this six-month reporting period.

**CIRP Monitoring.** In a previous audit report,<sup>3</sup> we stated that we planned to review the response to recommendations in the 1997 CIRP evaluation as well as the Stabilization Force (SFOR) monitoring of CIRP activities.

The MIS program office in Tuzla satisfactorily addressed all but one of the recommendations by: (1) streamlining the CIRP proposal process, (2) developing a new training package and conducting joint briefings for the military teams assisting in the CIRP program in Tuzla, and (3) assigning a full-time SFOR reconstruction officer to work with the USAID Tuzla office. USAID did not implement the recommendation to hire two more local engineers and one U. S. personal services contractor to manage the CIRP program in Tuzla. Instead, the assignment of an SFOR reconstruction officer was intended to address the coordination and communication of tasks recommended in the evaluation.

SFOR officials briefed the audit team on FY1998 CIRP projects (Phase III) and provided supporting documents. In addition, the SFOR reconstruction officer accompanied the audit team on visits to CIRP sites.

**Survey of the Local Procurement Process.** In response to Mission concerns and allegations, RIG/Budapest conducted a three-week survey of local procurement activities. Specifically, we

---

<sup>3</sup> See Audit Report No. B-168-98-007-P, dated September 30, 1998, for the period October 1, 1997, through March 31, 1998.

looked at how USAID/Bosnia-Herzegovina monitors, and the subcontractor manages, the process of awarding subcontracts to local Bosnian contractors. As a result of the survey, both RIG/Budapest and the Mission agreed that the procurement process needed to be audited. An audit was initiated in March 1999 and a separate report will follow.

### **Conclusion**

RIG/Budapest has been auditing and reporting on the MIS program since May 4, 1996<sup>4</sup>. Throughout these audits, USAID/Bosnia-Herzegovina has been responsive in correcting problems identified during the audits and has ensured that controls were in place to monitor the areas we reviewed and tested. In the short run, RIG/Budapest is replacing high level audit testing of the MIS program with special audits, as resources permit. One audit is of the subcontractor selection process noted above. Furthermore, RIG/Budapest arranged for the Defense Contract Audit Agency to conduct a cost-incurred audit of Parsons and its subcontractors. For these reasons, and after consulting with Mission officials, RIG/Budapest will end its concurrent audit reporting of the MIS Program with this report.

### **Management Comments and Our Evaluation**

USAID/Bosnia-Herzegovina officials agreed with the content of the report and their comments are included as Appendix II to this report. In its response, USAID/Bosnia-Herzegovina noted that the level of cooperation between program and audit staff resulted in the effective identification and timely correction of potential problems.

---

<sup>4</sup> See Audit Report No. B-168-97-003-P, dated March 26, 1997.

<p style="text-align: center;"><b>Scope and Methodology</b></p>
---

---

**Scope**

The Office of the Regional Inspector General/Budapest is conducting a concurrent audit of the USAID Municipal Infrastructure and Services (MIS) program in Bosnia-Herzegovina in accordance with generally accepted government auditing standards. The reporting period for this audit is April 1 through September 30, 1998. The audit was conducted from September 8 to 24, 1998, and from October 18 to November 5, 1998, at the USAID offices in Sarajevo and Tuzla and the Parsons Delaware, Inc., offices in Sarajevo and Tuzla. In addition, we made a follow-up visit in February 1999 to update program statistics and to discuss the feasibility of ending our six-month reporting on the MIS program

We visited 8 MIS projects and 22 Community Infrastructure Rehabilitation Projects (CIRP) in Sarajevo, Tuzla and Republika Srpska. In addition to visiting CIRP sites, we reviewed the 1997 CIRP program evaluation.

We did not audit the program's financial statements shown in Appendix V.

---

**Methodology**

Audit methodology included file reviews, interviews, field visits and data analysis. We reviewed amendments to the grant agreement between Bosnia-Herzegovina and the United States, program documents and contracts to keep abreast of program objectives and restrictions as determined in previous audits. We interviewed Mission and Parsons officials to obtain their views on problems being experienced in the program and the adequacy of actions taken to address these problems.

We inspected 8 MIS projects and 22 CIRP sites to verify the project existence, construction status, and whether the project was being used as intended. We performed end-use checks through observations and discussions with USAID engineers and the program coordinator. We judgmentally selected all projects, but sought to obtain a mix of projects in each stage of completion. About \$6.1 million was budgeted for the 30 projects visited.



## **Appendix II**

Comments on the draft audit report provided by USAID/Bosnia-Herzegovina



*United States Agency for International Development  
Sarajevo, Bosnia-Herzegovina*

July 30, 1999

**MEMORANDUM**

**TO:** RIG/Budapest, James R. Bonnell *E. Kerst*  
**FROM:** Erna Kerst, Acting Mission Director  
**SUBJECT:** Audit of USAID/Bosnia-Herzegovina's Municipal Infrastructure and Services Program for the Period April 1, 1998 through September 30, 1998

We have reviewed the subject audit report and are pleased that the on-going audit activities have not uncovered any unforeseen problems with implementation of the program. Furthermore we are extremely pleased with the level of cooperation that has been achieved between program and audit staff resulting in effective identification of potential problems and timely correction of them. The audit staff's informal as well as formal recommendations concerning the program has contributed to improved management systems and is a significant factor in the success of this program.

We would like to thank the RIG office and their staff for the cooperative spirit and collegial atmosphere they have developed with program and mission personnel. We look forward to continued cooperation.

Clearances: MBroady, MIO *[Signature]*

**Audited Status of the  
Municipal Infrastructure and Services Program**  
*as of September 30, 1998*

As of September 30, 1998, USAID had obligated and disbursed about \$160.7 million to Bosnia-Herzegovina for infrastructure projects; about \$63.7 million for the FY1996 program, \$52 million for the FY1997 program, and \$45 million for the FY1998 program. Also, the Mission had approved the transfer of approximately \$121.8 million of these funds to Parsons—\$65 million to implement the FY1996 program, \$45.6 million to implement the FY1997 program, and \$11.2 million to implement the FY1998 program.

**Table 3** shows the construction targets and estimated cost established for the 54-month MIS program implementation period as well as the number of approved projects and the value of approved budgets for the FY1996, FY1997, and FY1998 programs. As of September 30, 1998, the Mission had approved a total of 550 projects.

Type of Project	Number of Planned Projects	Number of Approved Projects	Total Estimated Cost (millions)	Value of Approved Budgets (millions)
Municipal Infrastructure	65	154	\$97	\$135
CIRPs	40	396	2	22
Shelter	32	0	45	0
Totals	137	550	\$144 <sup>5</sup>	\$157

**TABLE 3: Comparison of Planned and Approved MIS Program, Fiscal Years 1996-1998 as of September 30, 1998**

Also, as shown in Table 3, the total value of the approved budgets for the three fiscal years of the MIS program accounts for almost \$157 million (about 109 percent) of the original estimated program cost of \$144 million. Furthermore, 550 projects have been approved—considerably more than the 137 originally planned. The shelter rehabilitation projects have not begun because of the Congressional ban on constructing new housing or repairing existing housing in Bosnia-Herzegovina.

<sup>5</sup> The January 1998 amendment increased the total for infrastructure projects to \$210 million. USAID is developing budget levels for reconstruction activities for the additional \$66 million.

Tables 4, 5, and 6 below provide more details on the three fiscal year programs, including the amount and number of approved contracts.

**Fiscal Year 1996.** As presented in **Table 4**, USAID identified projects totaling \$64.2 million for the FY1996 program, including 48 major projects in five public sector areas and 169 CIRP. As of September 30, 1998, Parsons had signed 451 subcontracts and purchase orders valued at about \$58.7 million.

Project Sector	Budget Identified	Projects Approved	Amount of Contracts	Contracts Approved
Energy	\$39,569,948	22	232	\$36,573,015
Transportation	7,179,181	8	18	6,894,895
Water Resources	6,179,140	7	27	5,686,321
Education	2,512,474	8	8	2,079,890
Health	1,750,019	3	7	1,661,312
CIRPs	6,966,778	169	159	5,825,093
<b>Totals</b>	<b>\$64,157,540</b>	<b>217</b>	<b>451</b>	<b>\$58,720,526</b>

**TABLE 4: Fiscal Year 1996 MIS Program as of September 30, 1998**

From the FY1996 program, 5 MIS and 11 CIRP projects were completed during this reporting period. In total, through September 30, 1998, 42 MIS projects and 163 CIRP have been completed. The five MIS projects completed this period are:

- Municipality of Zenica, 96-1-K. This energy project was budgeted for \$1,081,726 to repair a substation and construct overhead power lines between Zenica and Zepce. Payments by Parsons totaled \$969,130 including \$341,815 for subcontracts, \$592,203 for purchase orders and \$35,112 for demining.
- Municipality of Zepce, 96-1-M. The budget for this energy project was approximately \$300,000 to rehabilitate the electrical systems. Payments by Parsons totaled \$268,329; including \$262,931 for purchase orders and \$5,398 for demining.
- Sarajevo Road Repairs, M6SAT080. The budget for this transportation project was \$500,000 to fund about 25 percent of the necessary road repairs. Payments by Parsons totaled \$484,755; including \$474,953 for contracts and \$9,802 for demining.
- Tuzla Water Supply, 96-3-E. The budget for this water resources project was approximately \$1.2 million to install a water filtration system and construct a water storage reservoir. Payments by Parsons totaled \$1,158,722; including \$1,157,418 for

subcontracts, and \$1,304 for demining.

- Busovaca Infrastructure, M6CBkW180. The budget for this water resources project was \$350,000 to fund several activities to include rehabilitating the plant intake structure and reconstructing a water supply line. Payments by Parsons totaled \$326,676; including \$295,336 for contracts, \$26,427 for purchase orders and \$4,913 for demining.

The value of the 11 CIRP completed during this period was \$481,536 representing 7 percent of the planned FY1996 budget for small community projects.

**Fiscal Year 1997.** As shown in **Table 5**, USAID identified projects totaling approximately \$50.6 million for the FY1997 program, including 49 major projects in five public sectors and 143 CIRP. As of September 30, 1998, Parsons had signed 387 subcontracts and purchase orders valued at about \$45.4 million.

Project Sector	Budget Identified	Projects Approved	Amount of Contracts	Contracts Approved
Energy	\$22,082,020	22	144	\$20,471,189
Transportation	4,089,999	4	21	3,282,434
Water Resources	13,818,845	17	36	10,829,143
Education	538,333	3	10	656,982
Health	2,078,025	3	4	1,900,988
CIRPs	7,985,796	143	172	8,269,594
<b>Totals</b>	<b>\$50,593,018</b>	<b>192</b>	<b>387</b>	<b>\$45,410,330</b>

**TABLE 5: Fiscal Year 1997 MIS Program as of September 30, 1998**

From the 1997 program, 14 MIS projects and 70 CIRP were completed during this reporting period. Through September 30, 1998, 29 MIS projects and 129 CIRP have been completed in total. The 14 MIS projects completed this period are:

- Kakanj Power Place, M7ZEP14j. This power sector project was budgeted at \$800,000. Parsons disbursed a total of \$594,164; including \$10,124 for subcontracts and \$584,040 for purchase orders.
- Kalesija Substation, M7TZP21e. This power sector project was budgeted at \$66,000. Total payments by Parsons were \$63,191; including \$1,935 for warehouse payments and \$61,256 for purchase orders.

- Celic Water Supply, M7TZcW030. This water resources sector project was budgeted at \$854,836. Parsons disbursed a total of \$854,836; including \$845,635 for contracts and \$9,201 for demining.
- Donji Vakuf Water Supply, M7CBaW040. This water resources sector project was budgeted at \$466,000. Parsons disbursed a total of \$463,347; including \$461,306 for subcontracts and \$2,041 for demining.
- Gradacac Water Supply, M7TZdW050. This water resources sector project was budgeted at \$690,000. Parsons disbursed a total of \$690,000; including \$688,669 for subcontracts and \$1,331 for demining.
- Maglaj Water Supply, M7ZEaW070. This water resources sector project was budgeted at \$551,002. Parsons disbursed a total of \$526,768; including \$524,617 for subcontracts and \$2,151 for demining.
- Odzak Water Supply, M7POaW080. This water resources project was budgeted at \$530,542. Parsons disbursed a total of \$530,542 for subcontracts.
- Orasje Water Supply, M7PObW100. This water resources sector project was budgeted at \$1,055,579. Parsons disbursed a total of \$881,403; including \$878,824 for subcontracts and \$2,579 for demining.
- Tuzla Water Supply, M7TZgW110. This water resources sector project was budgeted at \$1,945,351. Parsons disbursed a total of \$1,822,489; including \$1,800,576 for subcontracts, \$10,294 for purchase orders and \$11,619 for demining.
- Usora Water Supply, M7ZEcW120. This water resources sector project was budgeted at \$532,910. Parsons disbursed a total of \$521,146; including \$516,668 for subcontracts and \$4,478 for demining.
- Zavidovici Water Supply, M7ZEdW130. This water resources sector project was budgeted at \$124,440. Parsons disbursed a total of \$124,440; including \$122,255 for subcontracts and \$2,185 for demining.
- Vogosca Water Supply, M7SAiW150. This water resources sector project was budgeted at \$844,364. Parsons disbursed a total of \$818,558; including \$789,075 for subcontracts and \$29,483 for demining.

- Tuzla Clinical Center, M7TZgH020. This health sector project was budgeted at \$1,210,478. Parsons disbursed a total of \$1,089,489; including \$1,088,901 for subcontracts and \$588 for demining.
- Zvornik General Hospital, M7RScH030. This health sector project was budgeted at \$464,096. Parsons disbursed a total of \$464,802; including \$463,434 for subcontracts, \$706 for purchase orders, and \$662 for demining.

The value of the 70 CIRP completed during this period is \$3,653,091 which represents 46 percent of the planned FY1997 budget for small community projects.

**Fiscal Year 1998.** As shown in **Table 6**, USAID identified projects totaling approximately \$42.1 million for the FY1998 program, including 57 major projects in five public sectors and 84 CIRP. As of September 30, 1998, Parsons had signed 113 subcontracts and purchase orders valued at about \$14.6 million.

Project Sector	Budget Identified	Projects Approved	Amount of Contracts	Contracts Approved
Energy	\$14,987,000	23	40	\$5,592,233
Transportation	5,920,000	10	7	1,083,844
Water Resources	12,500,000	19	8	3,295,439
Education	1,180,000	3	1	202,349
Health	600,000	2	1	126,775
CIRPs	6,952,868	84	56	4,296,944
<b>Totals</b>	<b>\$42,139,868</b>	<b>141</b>	<b>113</b>	<b>\$14,597,584</b>

**TABLE 6: Fiscal Year 1998 MIS Program as of September 30, 1998**

In the 1998 program, 1 MIS project and 9 CIRP were completed during this first reporting period. The one MIS project was:

- Ravne-Brcko Water Supply, M8TZmW020. This water resources sector project was budgeted at \$200,000. Parsons disbursed \$118,162; including \$116,830 for subcontracts and \$1,332 for demining.

The value of the 9 CIRP completed during this period is \$546,834 which represents 8 percent of the planned Fiscal Year 1998 budget for small community projects.

**Audit Test Results**  
*for the reporting period*  
*April 1 through September 30, 1998*

During this reporting period, we visited eight MIS projects and 22 CIRP to verify project existence, construction status, and monitoring by USAID and Parsons. For completed projects, we performed end-use checks.

No major problems were identified at the 30 projects visited, but for three CIRPs we encountered potential problems at three facilities that were not being utilized as intended. The three projects and the actions taken to resolve the issue of non-use are discussed above in the section, "Results of Audit Tests—Site Visits." The construction status of all projects visited follows.

Project Name/No.	Project Purpose	Amount Budgeted	Construction Status
Zavrsje Bridge [M8CBcT-050]	To replace the Zavrsje Bridge in the Municipality of Kiseljak.	\$150,000	<u>In progress.</u> A technically unacceptable design and high water caused construction delays. A subcontractor will finalize the bridge design. The project was about 15 percent complete.
Busovaca Infrastructure [M6CBkW-180]	To repair roadway and sanitary and storm sewer.	\$350,000	<u>Completed during this reporting period.</u> The Tisolavacka Road repair was one of five subprojects designed to improve the water supply, sewerage, and transportation services in Busovaca.
Busovaca – Ciglana and Sendulov Bridges [C8CBkT-002]	To replace two bridges over the Kozica River.	\$21,000	<u>In progress.</u> The project was about 50 percent complete. The contract was extended so that the two bridges could be replaced one at a time rather than simultaneously as originally planned.
Busovaca – Kaonik-Strane Road Repair [C8CBkT-003]	To overlay existing road with concrete pavement.	\$41,000	<u>Completed in October 1998.</u> This project improved the access necessary to accommodate the reconstruction of damaged shelters.



Project Name/No.	Project Purpose	Amount Budgeted	Construction Status
Busovaca Power [M6CBP28k]	To restore power to villages in the Central Bosnia Canton.	\$295,000	<u>In progress.</u> The low voltage service to one village was awaiting installation of a transformer. The low voltage distribution system has been installed. The project was about 84 percent complete.
Busovaca – Loncari Road Repair [C8CBkT-004]	To overlay existing road with concrete pavement.	\$67,000	<u>Completed in October 1998.</u> During early stages of this project, USAID's engineer found the work to be substandard and requested that the defective work be corrected. Parsons agreed and took corrective action.
Busovaca – Bridge Replacement [C8CBkT-001]	To construct a single lane bridge over the Lasva River.	\$65,000	<u>In progress.</u> All concrete work was completed; subcontractor was working on the approach roads to the bridge. The project was about 80 percent complete.
Vitez – Ahmici School Rubble Clean-up and Water System Upgrade [C8CBkM-029]	To rehabilitate the water intake and reservoir and to install a chlorinator and new pipelines.	\$25,310	<u>In progress.</u> The water system upgrade was about 40 percent complete. Work on the water intake and reservoir is ongoing. A change order was to be issued to delete rubble removal from the scope of work.
School Repair in Seherdzik, Donji Vakuf [C8CBaE-005]	To restore an elementary school.	\$46,000	<u>In progress.</u> Work included roofing, plumbing, repairing walls, installing lights, painting and glazing. This project was about 85 percent complete.
Middle Bosnia Canton [M8CBP13] Ahmici Subproject	To repair severely damaged power systems.	\$1,500,000	<u>In progress.</u> The project procured materials for medium and low voltage distribution systems. One subpart was complete and two subparts were about half finished.
Middle Bosnia Canton [M8CBP13] Podkraj Subproject	To repair severely damaged power systems.	[Included above]	<u>Completed.</u> The project procured materials for medium and low voltage distribution systems. The low voltage system was complete and inaugurated.

Project Name/No.	Project Purpose	Amount Budgeted	Construction Status
Middle Bosnia Canton [M8CBP13] Djelilovac Project	To repair severely damaged power systems.	[Included above]	<u>In progress.</u> The project procured materials for medium and low voltage distribution systems. Installation of the low voltage system had begun and was expected to be completed in 30 days.
Ravne-Brcko Health Center in Zovik [C8TZmH-006]	To restore a health center.	\$107,916	<u>Completed during this reporting period.</u> The project restored an examination room, dental office, laboratory, pharmacy, bathrooms, and offices for doctors and staff, but at the time of our visit the facility was not being fully utilized. See "Results of Audit Tests—Site Visits" above.
Brcko Railway Station [C7RSbT-158]	To construct a railway station at Brcko	\$291,452	<u>Completed during this reporting period.</u> At the time of our visit we noted that the Brcko Railway Station was being used as intended, and looked attractive except for the landscaping.
Brcko Municipal Building [C7RSbM-201]	To recondition the annex building.	\$155,839	<u>Completed during this reporting period.</u> The project involved reconditioning the fourth floor offices, painting the facade, and installing a new roof. Also, the roof structure and covering of the main Municipal building was repaired.
Street Lighting in Brcko [C8RSbP-036]	To repair street lighting.	\$92,006	<u>In progress.</u> The installation of poles, buried cables and lights was about 75 percent complete.
Street Lighting in Brcko, Phase II [C8RSbP-079a]	To repair metal poles and install cables and light fixtures.	\$130,000	<u>In progress.</u> Work for the second phase of this project included the repair, sandblasting, and painting of metal poles and installing cables and light fixtures. The project was about 50 percent complete.
Srpsko Orasje School Reconditioning [C8RSrE-065]	To restore a regional elementary school.	\$158,000	<u>In progress.</u> The work included repairs to roof, plumbing, exterior and interior walls and installing light fixtures, painting and glazing. The project was on schedule and about 42 percent complete.

Project Name/No.	Project Purpose	Amount Budgeted	Construction Status
Drinjaca River Bank Retaining Wall – Kladanj [C8TZiM-011]	To repair a retaining wall.	\$108,600	<u>In progress.</u> The project consisted of excavating earth, and installing stone and concrete for a retaining wall. The project was on schedule and about 60 percent complete.
Rehabilitate Kladanj Water Supply System [M8TZiW-060]	To repair and replace water mains and the distribution system.	\$600,000	<u>In progress.</u> This project was designed to reduce water loss to about 20 percent and improve water pressure and supply to residents and businesses in the Kladanj area. The project was about 25 percent complete.
Osmaci Bridge Reconditioning [C8RSeT-014]	To repair and recondition a bridge.	\$32,805	<u>Completed during this reporting period.</u> The project replaced deck material, repainted the structure and repaired the wall and approaches.
Repair School – Sekovici [C8RSoE-045]	To repair a high school.	\$92,362	<u>In progress.</u> The work included excavation and placement of reinforced concrete, restoration of the roof and installation of sewage pipes, plumbing and lighting fixtures. The project was 60 percent complete.
Rebuild Steel Bridge – Sekovici [2BCT-011]	To replace a steel bridge connecting villages with the Municipality.	\$46,680	<u>Completed in March 1997.</u> The bridge was completed, but the Municipality did not build the access road to the new bridge. Therefore, the bridge was not being used as intended. See “Results of Audit Tests—Site Visits” above.
Zivinica Road Reconditioning [C8TZnT-020]	To improve road and complete drainage work.	\$103,618	<u>Completed during this reporting period.</u> Work included a survey, earth work, installation of gravel, culvert pipes and construction of entrance and exit culvert heads.
Repair School – Zivinice [C8TZmE-021]	To repair an elementary school.	\$74,652	<u>Completed in October 1998.</u> This four-room school should benefit about 240 students, but at the time of our visit, the school was not being used. See “Results of Audit Tests—Site Visits” above.

Project Name/No.	Project Purpose	Amount Budgeted	Construction Status
Repair Street Lighting – Zivinice [C8TZmP-027]	To repair/replace street lighting.	\$99,185	<u>In progress.</u> The project consisted of the construction of concrete bases for wooden poles and installation of poles, electrical equipment, and fixtures. The project was about 50 percent complete.
Recondition School – Srebrenik [C8TZkE-041]	To restore an elementary school.	\$75,542	<u>Completed during this reporting period.</u> The project cleared a site and restored an elementary school.
Zivinice Primary School Reconstruction [C8TZnE-066]	To restore elementary school.	\$64,775	<u>In progress.</u> Work included site clearing, replacing about half of the gym floor and general restoration. The project was about 60 percent complete.
Reservoir Construction – Petrovo [C8RSPIW-070]	To build a reinforced concrete reservoir.	\$35,852	<u>In progress.</u> The project consisted of earth work for canals and reservoir chamber to improve the water pressure and supply for residents of the Petrovo area. The project was about 70 percent complete.
Brcko ZOS Power [M6RSP27]	To repair the power distribution network.	\$1,300,000	<u>Completed in January 1998.</u> The project provides power to six high priority resettlement villages in the Republic of Srpska side of the Zone of Separation.

<b>Unaudited MIS</b> <b>Fund Accountability Statement</b> <i>as of September 30, 1998</i>
---

The amount USAID has budgeted, obligated, and disbursed for the MIS program is shown below. The amount disbursed for projects represents transfers that were made by Bosnia-Herzegovina to Parsons. The disbursed implementation costs are amounts paid by USAID.

	<b>4½ Year Program <u>Budget</u></b>	<b>Amount <u>Obligated</u></b>	<b>Amount <u>Disbursed</u></b>
Infrastructure Projects	\$210,000,000	\$160,650,000	\$121,849,112
Implementation Costs:			
Parsons Contract	36,000,000	29,200,000	24,286,145
Audit, Program, and Evaluation	4,000,000	0	0
TA/Training	4,000,000	0	0
USAID Program Management	5,000,000	3,591,982	1,982,780
Contingencies	<u>6,000,000</u>	<u>0</u>	<u>0</u>
Totals	<u>\$265,000,000</u>	<u>\$193,441,982</u>	<u>\$148,118,037</u>