

Thoughts of the Fiscal Procedures for expenditure and control
of Sub-Project Funds for the Refugee Program

I. Expenditure Procedure

A. It seems to me that there are about eight steps in the procedure to pay expenditures of sub-projects. They would be:

1. The project proposals as presented to AE and USOM where they would be built up into a complete budget for the area served by a Field Office or Center of the Refugee Commission.

~~The approved budgets would then be notified to~~

2. The approved budgets would then be notified to the COMIGAL.

3. The Comigal would send them to the Field Office or Center.

4. The Field Office or Center would then establish as many many accounts as villages in the budget. The field office would be responsible for five (5) types of purchases:

a. US Dollar purchases which would be made on the behalf of the Field Office by the AE, COMIGAL and USOM in coordination with each other.

b. Purchases of Vietnamese products in Saigon-Cholon (this would probably mostly consist of purchases of rice and perhaps some animals, teaching equipment, etc).

c. Payments within the Field Office to take care of the administrative expenses of the office which would include the salaries of the administrative and technical people as well as materiel support in the way of ~~medicines~~ gasoline, office supplies, etc.

d. Local payments of wages to workers of the village

for completion of work stipulated in the village budgets.

e. Local payments for materiel in connection with village works - this would be gasoline, perhaps, wood, etc.

Ex 5. The Field Office would authorize the work in the village.

6. The field office would receive bills of sale for material and payrolls for work accomplished.

7. The field office would prepare its own Money Voucher and take it to the local Treasury Agent for cashing.

8. The Field Office would pay the villagers for the work or local manufacturers as would be the case.

~~9.~~

B. The outline mentioned above takes no consideration of the Province Chief as was previously envisioned in the reports of Le Pichon and the MSU team. The reason for this change was the decision to establish the Field Office outside of the Provincial Capitals and the decision not to include the provincial government directly in the execution of the refugee program. Hence, we feel that the provincial government should not take an active part in the control of funds over which he does not take an active interest in the preparation or execution of projects. To use him as merely a fiscal control would probably slow down dispersing operations to a standstill.

C. Obviously it is going to be impossible to keep each of these funds completely separate. The US Dollar expenditures will obviously not be a problem. But expenditures of funds by a village for rice and other indigenous products is going to pose a problem. For instance, most of the camps in the south of Viet Nam will do so

near their camps or in the provincial capital as they should be available (rice that would be); likewise for the camps to the north, they would more easily buy their own wood on hand...where as in the south for the latter it would probably be more advantageous for Saigon to buy it for them as would also be the case of rice purchases my northern villages in the former.

Whether or not this type of decision would have to be made before the budget was approved, is debatable. But to keep uniformity of accounting some decision must be taken. And as I provisionally set up a classification of purchases that would be best performed in Saigon-Cholon and this should be written into a special chapter of the Field Office budget.

D. It seems to me that the outline of expenditures as presented in the letter of Mr. Luong to Mr Minh is an ambitious and adventuresome effort of the part of the Vietnamese government to give some real authority to their ~~xxxxxxxxxx~~ willful desire to have some decentralization. If grants are made as stated...by limited Money Voucher of 250,000 \$.....and justification be presented to the Treasury Agent before renewal....we feel that this offers enough control over the obligation and expenditure of funds.

What does remain....is to establish the necessary reporting to keep the central offices aware of the ^{fiscal} progress in the Field Offices.

We would recommend the following:

1. Finally records would not be the responsibility of the Treasury as is usually the case in Viet Nam...this would not be possible due to the fact that at the time of debiting the account of the Field Office for a sub-project, the Treasurer would not then have all the documents and would hence not know how to debit each

chapter and line item. Therefore, it would be the responsibility of the field office to keep accounts by village and chapter and line item....taken from the budget.....and keeping up to date the obligations and payments of his office. To do this and to give the AE and USOM the proper reports he should probably send in a weekly summary of his dispersals and a monthly summary sheet as well as a detailed supporting sheet.