

May 19, 1956

Admuni

Interview with Mr. Nguyen-van-sang, Chief of the Administrative Section of the Budget Bureau. Mr. Sang said that he is a member of the old financial cadre from North Viet Nam.

His functions include:

(1) Performing all the duties of the Liquidator for Mr. Dieu who is the Liquidator of the Budget Bureau. This means keeping the register for the Obligated funds and the register for the Liquidated Funds. He said that he has 5 people responsible to him, but that none of them assist him in any of his accounting work. He must prepare each month the salary lists which includes a summary sheet in three copies and a detailed sheet on each employee in three copies. He prepares each month a report for the Fiscal Manager (President, but Duc acts for him) on the funds obligated and liquidated during the month and the status of remaining funds.

(2) He is in charge of all personnel matters. Which means that he must recommend at the end of each year salary raises, give permission for leave without pay, on annual leaves, sick leaves.

(3) Is in charge of the Correspondance Bureau where he has four people (2 typists, 1 clerk for incoming letters and 1 clerk for outgoing letters)

(4) Is in charge of the records and has one assistant who manages this for him.

(5) Communist denunciation activities. Mr. Sang said that though he was getting on in years he was still able to maintain all his responsibilities in the above functions as he was a very hard worker. He said that having worked for the French administration and under their Financial Inspectors, he has learned the exact way to prepare the many documents which need to accompany payments requests and thus he has been able to avoid many of the difficulties that most directions have with the Obligated Funds Department as they are great ones to refuse the slightest mistake in a paper concerning payments. He showed me an example of a purchase of office supplies that he was affecting.

a. The proforma invoice was prepared by him and signed by Dieu on May 5, 1956

b. The Obligated Funds Department didn't approve it until the May 15, 1956

c. The Fiscal Manager signed it on May 16, 1956 and now he was ready to effect delivery of the items which amounted to 6,279.92\$VN which includes an 8% discount to the government from the supply house.

May 18, 1956

See ref.

Interview with Mr. Le-que-chi who works under Mr. Noi who is head of the Legislative Bureau within the Service of Legislation and Research. He is also a graduate of the National Institute of Administration having graduated in the same class as Mr. Lien.

He said that because of his legal training he has been chosen to work of legal problems. He gave the following examples of his work:

When disputes arise between private parties and the State (over requisitioned property for example), his responsibility is to determine and recommend the responsibility of the State and how much the State should pay.

When a private party should request the state to subsidize his business for pay damages (war or other), he must recommend a solution and the amount of subsidy.

Is a delegate to the interministerial commission where he always presents the budget bureau viewpoint.

But he said that 90% of his time is spent reviewing legislative projects to see if there is an interest to the budget bureau.

He showed me one problem that he had worked on...which was to determine the salary that the constituent assembly members should earn while in session. He showed me the table of comparative salaries that other legislative bodies earn (French, Dutch, English, U.S., Australian) and the decision to pay the VN 700\$VN per day while in session.

May 16, 1956

? Where to put? Budget units

Interview with Mr. Nhung, chief of the third bureau of the Service of National Budgets within the Budget Bureau. Like, Mr. Khoa, Mr. Nhung is in charge of the civil budget and is responsible for those chapters which Mr. Khoa does not oversee. He is a fairly young man...didn't seem to well or intelligently organized.

As I began the interview, Mr. Nhung was working on the distribution of credits for the 2nd quarter of 1956. He said that he spent most of his time on this matter and that he based his decisions as to how ~~much~~ large the allocation would be to certain chapters on two things:

- (1) The rate and amount of the collection of revenue which he received in monthly reports from the Ministry of Finance and,
- (2) The real needs of each service.

He said that in principle, each fiscal manager or rather the liquidators, should prepare a report for the Budget Bureau on their allocations, their obligations and actual liquidations of expenditures during the passed quarter. The letters which requested the reports of the first quarter operations were sent out on March 15, 1956 and requested that the reports be returned by March 20, 1956. The letter was signed by Duc who is the Chief of the Cabinet within the Presidency and is for practical purposes nearly on the same level as Chau (Secretary of State for the Presidency). One of the submissions that we looked at was that of the Department of Health which was dated the 16th of April. In the letter requesting the requests for 2nd quarter allocations, ~~attached~~ a model of the table to be furnished was given. It was as follows:

Chapter & Article	Description	Total	1st Quarter	Unobligated	Funds	Remarks
		Budget Amount	Allocations	Funds	Requested	
		1956			for 2nd Quarter	

In the few submissions that I looked at, the column concerning the Budget Amount for 1956 was either left out entirely or left blank as they did not know the total amount that would be finally approved. One example that we looked at looked like this:

1st Quarter Allocation	1st Quarter Obligations	2nd Quarter Requests
3,886,000	14,558,000	3,886,000

I asked Mr. Nhung what was the exact usefulness of the quarterly allocations, if funds were in reality obligated by the year. He said that he would write a letter to the Ministry of Information (the case in question) and request that they unblock one half or 7,279,000 piasters in order that they would be obligating against a six month amount. But the manner in which he said this indicated to me that this ~~is~~ was what should be done, and not probably what he would really do. He then went on to say that for personnel expenditures it was not at all necessary for the concerned department to write requesting authorization to obligate funds in excess of the allocation...that the Direction of Obligated Funds most always granted authority to obligate any amount of funds if it was to be used for the payment of normal (permanent) personnel expenses.

Check plus with fundholder

Is this true?

Copy of full

How can he feel?

May 14, 1956

Log Ref

Snyder

Interview with Mr. Tong, Budget Bureau - As I entered the Bureau today, Mr. Tong stopped me and said that he had one or two more things to tell me about his work. The first was that in addition to the organizations named in the previous sessions as having commercial type accounting systems, that Viet Nam Press also maintains commercial accounting practices. He then repeated his earlier argument why the autonomous budgets should be abolished - because they receive such little control from the government. He especially stressed the case for those organizations which maintained commercial accounting practices because the civil servants were not trained in commercial accounting and were unable to audit these accounts as should be done. He then told me that Mr. Kha had received a copy of an American system for budget bureau organization and that I should talk with him about what he thinks of it since it was he that drafted the decree which the Secretary of State at the Presidency has just signed (No. 1245 -TTP/NS of the 8 May, 1956) re-organizing the budget bureau. He closed the short interview by adding that in addition to the types of contracts reviewed by his office, the budget bureau was also charged with the responsibility of reviewing state contracts. He gave an example of this - suppose that in Kontum there are no contractors who could build a school nor are there contractors who are willing to go there at anywhere near a reasonable rate - Then the Public Works prepares an estimate of how much it will cost them to do the job and his office must review this to see that it is not higher than they could do by soliciting someone in Saigon to go to Kontom.

Interview with Mr. Kha - Because he had not mentioned to me that Mr. Tong was doing some (most apparently) of the work of reviewing contracts, I talked with Mr. Kha briefly about this point. He explained to me that since they were so understaffed he could not do all the contract reviewing and therefore had drawn upon the services of Mr. Tong to assist him in reviewing these contracts. He said, when asked, that all incoming folders (of contracts) were logged in at Mr. Tong's office and then passed on to him if Mr. Tong did not take action on them.

He then said that he had been reading the MSU report of recommendations concerning the Department of Interior and that he was in perfect agreement with most of the recommendations contained in the report. (He especially referred to the recommendation to abolish the provincial budget as he said that now the national government does not control any of the money spent by the provincial govt.). He then ~~replied~~ told me that a public servant could not, under the existing Vietnamese laws, be held legally responsible for an error or misjudgement or mismanagement of government funds. This, of course, does not include embezzlement of government funds and absconding with same, but according to Mr. Kha nearly every other means of doing the government out of money - hence, according to Mr. Kha the necessity to maintain so many controls prior to the expenditure of funds. He then explained to me that this year (1956) for a few services (he named the Civil Guard and the Ministry of Youth) who had many urgent payments, the budget bureau had permitted them to by-pass the ordinary system and they have installed the system of payments from a revolving fund which is renewed from the regular chapters of the concerned budget at the end of each month by submitting the supporting documents for payments made during the past month to the Controller (of Obligated Funds) and the Treasury. The original payments themselves having been made by check signed by two people (the fiscal manager and his agent cahier (régisseur comptable) and drawn against a suspense account (les Depense d'Ordre).

He terminated the interview with another plea or hope that the Controller's Office (of Obligated Funds) could be attached to the Budget Bureau because it was senseless to have the Ministry of Finance continue to control all the money now that they were no longer any more imprudent than any other ministry.

77
memo?
extra?
accounting?

May 14, 1956

Budget Unit

Interview with Mr. Khoa who is the head of the 2nd section of the Service of National Budgets within the Bureau of the Budget. This section concerns itself with one part of civil expenditures. Up until this year, it was understood that this section would oversee the first two hundred chapters of the budget (civil) and that the third section would oversee the remaining chapters. But with the inclusion of the three regional budgets in this year's national budget...the a renumbering of the chapters has taken place and now the work is divided on a "you take that, I'll take this" basis.

Mr. Khoa has been in the Ministry of Finance for a couple of years, but last year he spent most of his time as a delegate of the Ministry of Finance to the permanent committee for the Denunciation of Subversive Elements and has only recently returned to his duties within the Budget Bureau. He said that the major portion of his work is taken up with a multitude of individual cases brought to the attention of the Budget Bureau and which concern the expenditure of funds against civil chapters. This includes working on the granting of credits to new organizations formed after the preparation of the budget, citing as an example both the Bao-an-Doan and the Civic Action groups which were created after the preparation of last year's budget; in addition there are always the addition and unforeseen demands made upon the budget by maintries (here he named the Information Ministry especially) for additional funds for their new and special projects which they think up during the course of the year. An example of his work...was a letter which he had prepared for the signature of the Secretary of State for the Presidency. The case was as follows:

The manager of Shell Oil in Saigon wrote to the Director of the Budget on May 8, 1956. The letter was a request that the Budget Director request all government agencies to submit their requests for payment of gasoline and oil products which they had ordered during the year but which they have not as yet submitted the bills so that the supplier (Shell) could be paid. The letter sighted specifically the cases of such deliveries in the provinces of Bien Hoa, Ban Me Thuot and one other province. The letter was received by the Secretariat General of the Presidency on May 9 (somewhat of a ^{miracle}, perhaps, or rather without doubt it was delivered by hand). Then ~~the~~ the letter was logged into the GREAT REGISTRY of the Secretariat and forwarded to the Cabinet of the Secretary of State for the Presidency. It was logged into this office of May 11. From here it was ~~sent~~ sent to the Correspondance office of the Budget Bureau where it was logged on May 11. Mr. Khoa had prepared a letter which answered the original Shell letter and a letter to be sent to the various offices which had neglected to request payment to Shell. The urgency in this case, as stated by the Shell letter, came from the fact that unless payments were requested before May 31, 1956 they would no longer be eligible for payment against the 1956 budget.

The various Controllers of the Direction of Obligated Funds (Depenses Engagees) make monthly reports on the obligation and actual expenditure of funds by chapter

Real good tranny

On whose authority do they get to spend money?

and article. The reason that these reports are made is to assist the Budget Bureau in its task of allocating credits to the various fiscal managers (so said Mr. Khoa). With these reports the Budget Bureau knows whether or not to request a certain organization to slow down the spending of funds, etc. The report does not have a total for any of the columns at the end of it. When questioned why this was so, the chief said that since this report was only one of four such reports and did not include any special sequence of chapters, the total ~~would be~~ would not be helpful. The report reads as follows:

Column	
(1)	First three months (1st quarter) credit allocation by the B.B.
(2)	Funds obligated up to the beginning of the report
(3)	Funds obligated during the current month
(4)	Funds previously obligated and now unblocked
(5)	Total of obligated funds
(6)	Funds remaining unobligated
(7)	Excess of obligated funds over allocated funds (column 1)
(8)	Percentage of obligated funds with respect to allocated funds
(9)	Expenditures actually liquidated

Mr. Khoa showed me the report by one of the controllers for the month of January. A fifteen minute review of the report showed that in most ~~instances~~ instances the amounts obligated ~~under~~ under the various chapters was usually in excess of the amounts allocated. Many of the percentages of column 8 exceeded 300%. When I asked him (repeatedly) about this, he explained that most fiscal managers liked to obligate funds for personnel expenditures on a six month or even a yearly basis. It had been my earlier impression that one only obligated funds at the time of the actual expenditure of funds, but this impression was corrected. It seems that one can obligate funds and then draw against them until the total is expended. I asked him who authorized the obligation of funds when they exceeded the amounts allocated for a period. He said that in principle the fiscal manager should address a letter to the BB requesting such authority, but that this was not required as the Controller for the Obligated Funds Direction could do this on his own responsibility. In other talks with people in the BB it would seem that ~~this~~ this is by far the usual practice and the formal requests the exception. He said that in no case would the Controller authorize an obligation of funds which would exceed the estimated total for the year. An example of this.....for the first three months of 1956 360,000 piasters were allocated to chapter 10. 1,478,946 piasters were obligated or more than 400 % of the allocated funds which would indicate that more funds were obligated than might be expected to be allocated for the entire year (the actual amount in the budget was not checked). For the first month, January, 133,635 piasters were liquidated or 36% of the total allocation which might indicate that the actual expenditures were running (at least for the first month) at the indicated annual rate. He said that each Liquidator was required to keep two registers (or accounts). The No. 1 was for ~~current~~ current expenditures and the No 2. for expenditures which concerned a project over more than one year's budget. He said that at the end of each budget exercise, the actual amounts expended in the year were then transferred to the current budget from the register No 2.

Though obligation may be made in excess of existing allocations for the expenditures against personnel payments, this does not appear to be so for material payments. In these cases, where fiscal managers want to obligate funds in excess of their allocations for material expenditures, they must receive prior authority from the BB (as well, of course, as from the Direction of Obligated Funds). An example of this was shown to me. The Civil Guard addressed a detailed request to the Secretary of State for the Presidency requesting authority to obligate 27,000,000 piasters for clothing items for the Civil Guard, the expenditure for which was provided in the 1956 budget. In the 1956 budget a total of 224,000,000 was provided for these items. Mr. Khoa had prepared a letter for the signature of the Secretary of State which said that it (the Civil Guard) would be permitted to obligate the requested funds, but that it should keep in mind that it had only 224,000,000 for the entire year and it would not be permitted to exceed this amount. The Civil Guard was requesting the authority in order that it could hold an auction for a larger quantity and hence obtain better prices. Mr. Khoa mentioned more than once that most of the requests to obligate more funds for material than usually would be allocated during a certain period were made for this reason...to hold a more profitable auction.

May 13, 1956

Budget
(Defense)

Snyder

Interview with Mr. Lien, provisionally appointed head of the National Budget Service of the Budget Bureau

Mr. Lien is actually head of the first section within the National Budget Service. This section is called the Section for Receipts and Military Expenditures. A Mr. Tu will become head of this section when Mr. Lien is permanently appointed head of the Service. The former is currently assigned to work with Mr. Thai. Mr. Lien is a graduate of the National School of Administration and applied last year for a scholarship to MSU but only received an alternates position. This year he reapplied, but so far has been turned down by the department of Defense. The reason for his denial by that Department is not clear at this writing.

As mentioned above, he has two function, the first concerning the Receipts of the National Government and the Second, the Military Budget. He stated that he used the assistance of two clerks and that they spent 90% of their time on the military budget. Their work in this area was described as follows:

This office has nothing to do with the actual preparation of the military budget. It does receive copies of most of the correspondance between MAAG and the Department of Defense concerning the preparation of the budget. When a final settlement is reached between the two groups, the budget bureau receives a type-written copy of the budget and mimeographs the entire budget for the military and to be included in the completed National Budget.

He said that in theory the credits made available to the military must be approved by MAAG and the bureau of the Budget. However in practice there have been occasions (and I was shown one for the first three month period of 1956) when the MAAG has authorized only X amount to be released to the military for the month, but the Department of Defense has managed to have released to it from the Treasury X plus Y amount. Mr. Lien explained that this is in the end always regulated between MAAG and the Dept. of Defense, but that it caused trouble for the Budget Bureau in that it should be the authority on such matters but in reality it was not. Mr. Lien stated and I requested him on this point, and he reaffirmed it...that his office receives a copy of ALL the military requests to obligate funds (Engager les Depenses). He receives a monthly summary by chapter and article furnished by each commander of a military sector, which shows the amount of funds obligated and liquidated each month by the sector. The Controller of the Obligated Funds Department of the Department of Finance also makes a report which this office receives.

He said that his office also reviews all military contracts before Mr. Kha's office advises on their approval. While we were there he had on his desk the "shooting script" of a movie titled "The Fire and the Shadow" which the military wanted approval to engaged a private film firm to begin production.

Mr. Lien said that it was also the responsibility of his Service to prepare the Civilian Budget each year, but that for 1956 it had been done by Mr. Thai.

Secondly - National Receipts. The Department of Finance prepares a monthly report on total government receipts. This is their responsibility because while the president has named all his Secretaries of State as Fiscal Managers of their own budgets, he has named only the Secretary of State for Finances as the Fiscal Manager for Receipts. These reports on the receipts are used by Mr. Lien to determine how much money is to be allocated for the next quarter. He claimed that if the funds are not sufficient to meet budgetary needs, then requests would be cut. (Later on I was checking with Mr. Su of the Institute on another matter that will be told in the interview with Mr. Khoa, and the former said that the state considered two kinds of funds....Permenant and non-permenant. The former being the salaries, etc. fo personnel that is fixed from year to year and no possible cuts could be made on these...it was only in the area of the non-permenant expenditures (for materials and new construction that cuts could be made. When I posed the question to him as to what would be done if the State didn't have enough funds for even those "permenant"

Leg Dept of Fiscal Budget
May 7/72

Interview with Mr. Kha, head of the Service of Legislation and Regulation of the Budget Bureau.

Mr. Kha said that he had at present 4 persons under him:

(1) Mr. Noi, who is head of the bureau for the study of decrees and other regulations which would effect the budget or financial operations.

(2) Mr. Chi, who is a graduate of the National School of Administration and who he described as having a good theoretical foundation but who needs practical development.

(3) Miss Hoa

(4) Mrs. Quyen.

Mr. Kha said that the work of his service was presently divided up evenly between three functions:

(1) The study and approval of all proposals which would affect public finance and the budget. He gave as an example, the compensation to land owners who have had their land expropriated, leases by the state/

(2) His office must visa all personnel actions papers. This includes, promotions, paid and unpaid vacations, health leaves, transfers, retirements. He said that this was a tremendous job and that "hundreds" were signed daily.. though there was no activity of this nature in his office during the hour that I spent with Mr. Kha.

(3) The visaing of all "direct purchases" (marché gré à gré). He explained that previous to the decree of December 27, 1956, this was the responsibility of the Control of Obligated Funds, Ministry of Finance but that with the decentralization of fiscal authority by giving the ministers budgets...that the president had decreed that direct purchases would henceforth be checked twice. These purchases may be made ~~only~~ under some of the following conditions:

a. If no valid bids are received in an auction

- b. If the case is deemed urgent.
- c. If the patent on the desired purchase is held by only one company
- d. If there is only one supplier who can furnish the desired item.
- e. If the the material to be purchased is of a special nature/

The rules covering purchases of this type are presented in the Arrete of 5 September 1953 No. 620 Cab SG-SE.

Mr. Kha said that he was also responsible for reviewing contracts made by secondary public corporations which enter contracts. He showed me an example of a contract with a French firm for the sending of technicians to complete some electrical installations in Ban Me Thuot. He said that the electrical company received subsidies from the National Budget and hence he must decide on the merits of the contract.

Mr. Kha then said that he wished that his section could be divided into two parts: one for General Legislation and regulations and the other for Economic and Social Affairs. He would set them up as follows:

- 1. General Legislation
 - a. Administrative Affairs
 - b. Salaries of Civil and Military
 - c. Material Purchases -Auctions
- 2. Economic and Social Affairs
 - a. Projects for urbanisation
 - b. Projects for reconstruction
 - c. War damages

He also mentioned that it had been suggested to include in the new constitution a system of Social Security and that he felt that his office should be studying this matter from a legislative point of view as well as the financial aspects. Mr. Kha concluded the interview with a rather long exposé of his views on the budget bureau. He said that he deplored the practice of simply cutting departmental estimates by

such and such amount. He said that a budget must be the operating arm of the government and that it must reflect the planning of the government and not merely be an accounting of expenditures from one year to the next. ~~This~~ closing remarks of Mr. Kha seemed to be in direct contrast with the small detailed work that he had previously described to me as his functions and also in his thoughts on what his service should be doing. But his interest in the development of the budget system and the responsibility of the budget bureau seemed real.

Snyder
Nov 7-12

Interview with Mr. Su, Administrative Officer of the National Institute of Administration

Mr. Su said that he received in early November the circular of budget preparation dated 24 October, 1955 of the Department of Finance (Budget Bureau). He then consulted with the director and assistant director of the school and was given the indications as to what new additions would be made to the school during 1956. He ~~then~~ prepared a provisional budget for the school which ^{after?} are being approved by the director, was submitted to the council which governs the school (this includes the president himself). The budget was discussed and some minor changes were made and then ~~it~~ was approved by the council. The budget requests were then submitted to the bureau of the budget. By this time the bureau of the budget had been placed under the President and Mr. Thai was its advisor. Mr. Thai wrote to Mr. Su and requested him to come to the budget office and develop his justifications for the requested expenditures. Mr. Su did so, certain cuts were suggested and the revised budget was re-approved by the council of administration for the school and then re-submitted to the budget bureau. Mr Su has had no further word on the matter.

Autonomous budgets

Snyder May 7-12

Interview with Mr. Lê-van-Tông, Chief of the Service of Other Budgets, Bureau of Budget.

Mr. Tông has two assistants, Mr. Tran-ngoc Thang and Mr. Le-cong-Tri. Since the assignment of Mr. Thai to the Budget Bureau, the latter has been working with him. He is usually engaged with the autonomous budgets as will be explained later. Mr. Ngoc logs in all incoming correspondence to this service, makes the preliminary checks on the accuracy (arithmetic) of the statements that he receives and sometimes is permitted to indicate action to the service director. He is a recent addition to the bureau of the Budget and comes from the budget service of the SVN delegation.

The present work of this office is divided equally between two functions, according to Mr. Tông.

1. Other Budgets than the National Budget
2. Visaing of administrative contracts

In the first area, the work was described as follows:

Nearly all of the time is spent on the preparation of budgets for autonomous (semi) organizations of the GVN which were given as:

1. The National University
 2. The Office of National Reconstruction
 3. The Administrative Budget of Civilian Pensions
 4. Viet Nam Press
 5. The Institute of Oceanography at Nha Trang
 6. The National Office of Electrical Energy
- ~~Food and Foodstuffs~~
7. The Commercial Port of Saigon-Cholon
 8. The Commercial Port of Tourane
 9. The National Railways

He said that these last three organizations maintain commercial accounting procedures and the Fiscal Managers were supreme in their own areas excepting for the supervision of the budget office and the subsidies to them. He also said that though in principle, the National Bank and the Exchange Office should submit their budgets to the Budget Bureau, no regulations have been made for that provision as yet.

He is also responsible for the preparation of the two municipal budgets of the cities of Saigon-Cholon and Tourane. When asked about the municipal budget for Dalat he said that it had been previously subsidized by the local budget of the PMS and was not mentioned in the regulations covering the transfer of this budget to the National Budget. He said that they would no doubt continue to receive most of their funds in the form of treasury advances. At this point he went into a rather long discussion on treasury advances. He described how all of the provinces were continually in debt and payments were covered by the national treasury. He said that when the Colonel Bonneville was in Saigon he had remarked that in reality the national government at the time was only controlling the expenditures of 16% of the total government expenses because the provinces and the regions were using national funds without supervision.

NG!!!

The third part of this area should be concerned with the provincial budgets. However, he explained how there was no new regulations governing provincial budgets. Previously they were authorized by the regional delegates and that in theory they should now be authorized by the budget bureau. He said that he had received one budget from SVN. Then he pulled out a telegram which his office had received on May 7, 1956 from the Delegate of CVN requesting that the National Budget fix the subsidies to the provinces of the Center. I asked him what he would do about the telegram and he said that it would be up to Mr. Thai to decide. I remember from the other day that Thai had said that he would send the Delegate 100 million piastres to divide up between the provinces of the center.

He said that he received monthly statements from the Fiscal Managers of the semi-autonomous budgets showing their obligated funds during that month. However, ~~one~~ one was delivered (the National Office of Reconstruction) which showed not Obligated Funds, but funds ordonnance (which is at the point after they are obligated). I asked him about this and he replied that in principle the office should have shown both figures. It is unclear in my mind just what purpose he is able to put these statements. In theory the director of the budget should propose monthly or quarterly allotments to these semi-autonomous budgets, however, I had the feeling that this was not the case.

He said that the budget bureau ~~was responsible for~~ must authorize all transfers of funds from one chapter or articles to another. He said that the Fiscal Managers were competent to make transfers from paragraph to paragraph. He said that previously it was the minister of Finance who could authorize transfers between Material and Personnel expenditures and that now it was the Secretary of State at the presidency (Chau).

Mr. Tong then went into his other main work, the visaing of administrative purchases. I told him how that Mr. Kha had told me that this was his job and that his staff spent 35% of their time on this work. Mr Tong then laughed and said that that was true, however, since he had worked on bids for many years at the Haut Commissariat he was the most qualified man to judge purchases. ~~and~~ He said that since the decree obliging the budget bureau to visa direct purchases...the decree No ~~132~~ 12 TTP/NS of 23 January 1956 signed by Chau, he has been spending 50% of his time.

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Many times during the conversation Mr. Tong told me that he was a very frank person and that he wanted me to know how much he believed that the budget work needed reorganizing. He said that the right kind of controls are not being exercised. He cited an example as that when an office can not get money from them, they simply request an advance from the treasury and again scolded the provinces as offenders. He said that he hoped that someone could give them a very detailed plan to work from, that short presidential decrees did not solve their problems.

Snyder
May 7 - 12

Interview with the Director of Education for South Viet Nam

Previously, the direction of Education for South Viet Nam as well as the provincial inspectors and the staffs of the secondary schools in the provinces, were a part of the Regional Budget for South Viet Nam. Under this system, the director said that he usually received instructions from the Chief of the Financial Service for South Viet Nam in September and prepared his estimations. He stated that education had a particular problem in that the budget year was based upon a calendar year where ~~ad~~ the year of education runs from September to September. Hence, their largest increases in personnel and material outlays come in the last quarter of the budgetary year.

In preparing his budget requests, the director uses three guides:

- (1) The propositions ~~sast~~ in to him by ~~ixix~~ the heads of secondary education in the provinces.
- (2) The instructions given to him by the Minister.
- (3) His won decissions as to what are primary matters of importance and which ~~xxxxe~~ of secondary importance.

Then with his chief accountant, he prepares a provisional budget which is approved by his minister, the chief of the financial service for SVN and finally by the Ministry of Finance. He stated that he had never received individual instructions as to the policy or development plans of the government with respect to Education. The instructions that he received for 1956 were the general instructions which all services received which asked that personnel levels be maintained at the level of October 1, 1955 and that expenditures for material be reduced by 20% over 1955. He said that the usual process of reducing requests was to first cut out new projects and then the normal operations. This year after his provisional budget was prepared and approved by his minister, he was asked to come to Mr. Thai's office to explain his requests. That day he could not go personally, so he asked his chief

and available?

accountant to attend for him. Later he learned that Mr. Thai had told his accountant that 3,000,000,000 must be cut from the budget to put it in balance and that it would be necessary to cut their requests. Mr. Thai went over the provisional budget with the chief accountant and then together they decided where the cuts would be made. It was not able to determine whether or not this director has a firm idea of the exact nature of the cuts that were decided upon that day, nor whether either he or his minister has a copy of the revised decisions. What was clear was the following: He referred to the usual method of cutting budget requests as "slicing with a hatchet" or les coups de hache. He stated that he did not know the status of his budget request and would not know until the budget was approved by the president. But he did state several times that Mr. Thia was a real budget expert and the only in Viet Nam and very qualified. He seemed to have a respect for him.

Luynes
May 7-12

Interview with the Chief of the Accounting Section of the Ministry of Foreign Affairs.

The chief of this section when asked to describe his part in the preparation of the budget...said that it was very simple. First, he based all normal operations on the previous years and secondly, he made provisions for the creation of any new embassies that would be created during the year. He said that he received the budget circular last October and was asked to come to the Budget Bureau in February to justify the proposals. He went and when told that such and such an amount would have to be cut, he went over the requests with Mr. Thai and decided then and there upon the items that would be cut. Interview was terminated as interviewee said he was very busy and felt that I could better learn of the budgetary process from the budget bureau itself. I explained to him the necessity of gathering information from outside the bureau itself, but he was uninterested.

*Supple
way 12*

Interview with Pham-Ba-Cong, Director of Accounting, Direction of the Civil Service

This director said that he received the budget circular in early November and submitted his budget requests on the 23rd of November. He said that though they had been requested to keep their personnel at the October level, this had not been possible for the Civil Service as they were still taking in refugee civil servants from the North. In 1955 they had 90 employees and now, in May, 1956 they have 126. However, these latter are not all physically present in the direction, for as it was explained, they must include on their roster those employees which have been mobilized and they must also pay the difference between their military pay and the pay that they were earning in the Direction of the Civil Service. As concerns material, they made estimates of 2/3 of the expenditures based upon the first nine actual months of 1955. Even so, when on the 10th of February, 1956 the director was called to go to Mr. Thai's office he was informed by him that they would have to cut 50,000 piastres off their request for 935,000 piastres. At this meeting the director of the Civil Service was not present, his Chief Accountant represented him there. The changes were made on the spot with the Chief Accountant returning with a penciled and revaluated copy of their budget request.

I asked the director how they affected payments during the month of January when no credits were opened for the new year. He replied that the Treasury had opened one account for all the ~~xxx~~ GVN expenditures and that when the decree 515-TTP/NS was signed on the 7 February, 1956 opening three months credits by chapter ~~x~~ the expenditures against the single account were then transferred to the proper account.