

International Cooperation Administration
Public Administration Division

Training Branch
1621 H Street, N.W.
Washington 25, D.C.

Participant Report

* Pre-departure

Name of participant	PHAN DINH NGOC
PID/P No.	30-75-164-1-70177
Title	Assistant Chief Bureau of Budget
Agency	General Treasury of Vietnam - Saigon
Country	Republic of Vietnam
Period covered	January 1958 to June 1958
Field of Study	Government Accounting
Project Manager	S. J. Weinger
Date Submitted	June 22, 1958
Submitted to	David L. Jickling

Project No. 30-75-164-1-70177
Date: 12-28-57

From: PHAN DINH NGOC

Address: General Treasury of Vietnam
37 Nguyen Hue Avenue
Saigon, Vietnam

Dear Sir:

Owing to my six months training program on Government Accounting in the United States which I completed in Washington, D.C. on June 22, 1958, I have now the pleasure of presenting my pre-departure report.

This final report will include the period I spent in Washington, D.C., that is from January 1958 to June 1958. In order to facilitate the task, I would like to divide my trip in the United States into three different periods, each one has its own characteristics and features.

FIRST PERIOD : January-February, 1958

I flew from Vietnam on December 26, through the Pacific Ocean route, and arrived in Washington, D.C., on December 29, 1958.

On arrival, I spent the first week in the International Center of Washington. This week's program is, in my opinion, of great importance for foreigners who come for the first time to the United States. It helps considerably to introduce him to the American life, from the historical, geographical, political, and social points of view.

The next weeks were spent at the American University, attending the Center of Languages, to sharpen my English for the intensive anticipated course of Federal Government in the George Washington University.

SECOND PERIOD : February-April, 1958

I attended, during this period, the College of General Studies, in George Washington University, Washington, D.C., with the international program in Governmental Accounting.

I do not think it will be possible and necessary to mention here the details about the course or the program. But, briefly speaking, I might say that this semester was extremely fruitful for me. My result of this period was satisfactory. I would like to express my appreciation for the considerable assistance made by my instructors, Dr. Walter G. Held, and Mr. Charles L. Grant, to give me general knowledge and information about Accounting and financial organization.

Due to the fact that to study in the field of Government Accounting is a big job...there are many problems and lines to study... I cannot get through all of them in detail within two months. I was interested, at that time, to get

a general scope of the accounting structure of the States, since I am working in the Treasury Department in my country.

I would like to summarize some important aspects in my specific field of training in Government Accounting.

The organizational accounting system of the Treasury Department and its relationship to the administrative agencies.

The Treasury Department of the United States acts as the Federal Government's banker. At the very beginning of the Constitutional Government, the Congress provided that the Treasurer was to "receive and keep the monies of the United States, and disburse the same, upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller, recorded by the Register, and not otherwise".

A. How the Revenues of Government are received and kept or Accounting for revenue .

The Administrative Agency receives remittance from debtors through three sources:

- 64 collectors of internal revenues (which represent 95% of the total of Revenue)
- 292 Customs = 2% of the revenue
- 400 Agencies = 3% of the revenue
- records in account,
- prepares Certificates of deposit,
- transmits remittances and unsigned Certificates of deposits to the Federal Reserve Banks.

The Federal Reserve Bank credits account with the Treasurer of the United States

- prepares daily transcript of account and
- transfers to the Treasurer of the United States,
- prepares daily consolidated abstract of deposits,
- transfers the signed copy of certificate of deposit to the administrative agency.

The Treasurer of the United States proceeds

- verification of transcript and entry in accounts,
- preparation of Monthly report of deposits, credited by deposit symbol,
- transfers the Monthly report to the Bureau of Accounts (Division of central accounts).

The Bureau of Accounts of the Treasury Department

- records in central general ledger and subsidiary receipt and deposits in transit accounts,
- reconciles deposits in transit account,
- makes all records available for post audit (General Accounting Office).

B. Creation and payment of Obligations or Accounting for expenditures.

The Administrative Agency receives each year appropriations of funds made by the Congress,

- proceeds allotment of funds to field station,
- obligation of fund is incurred,
- authorizes purchase of supplies or rendition of service,
- sends purchase order or appointment to payee who furnishes supplies or renders service,
- records transaction in accounts,
- certifies voucher schedule and pay lists,
- transfers it to the Treasury disbursing office.

The Disbursing Office of the Treasury Department

- examines voucher schedule and pay lists,
- draws and mails checks to payee,
- forwards accomplished voucher schedules and pay lists to administrative agency, accounting unit,
- prepares daily tabulated list and periodic total amounts of all checks issued.

Payee receives and negotiates checks,

- cashes checks by channels of trade and commercial banks.

Commercial bank

- cashes checks and deposits in banks,
- cashes checks and prepares daily transcript,
- forwards checks and daily transcript to Federal Reserve Bank.

Federal Reserve Bank

- receives transcript from depositaire, and
- consolidates into one transcript daily,
- forwards daily transcript and checks to Treasury, U.S.

Treasury, U.S.

- pays checks daily and electronically records in accounts,
- punches cards and records by disbursing symbol,
- prepares Monthly report, including total amount of checks paid and transmits to Treasury, Division of Central Accounts.

Treasury, Division of Central Accounts

- records Monthly report in general ledger accounts and files punched cards,
- records data from Statements of transactions and Statements of accountability in general ledger and subsidiary appropriation and fund accounts,
- prepares and forwards Monthly report of Status of appropriations and funds to

administrative agency Central Accounting Office,

- makes all records available for audit and transmits to General Accounting Office.

General Accounting Office, an agency of the Congress,

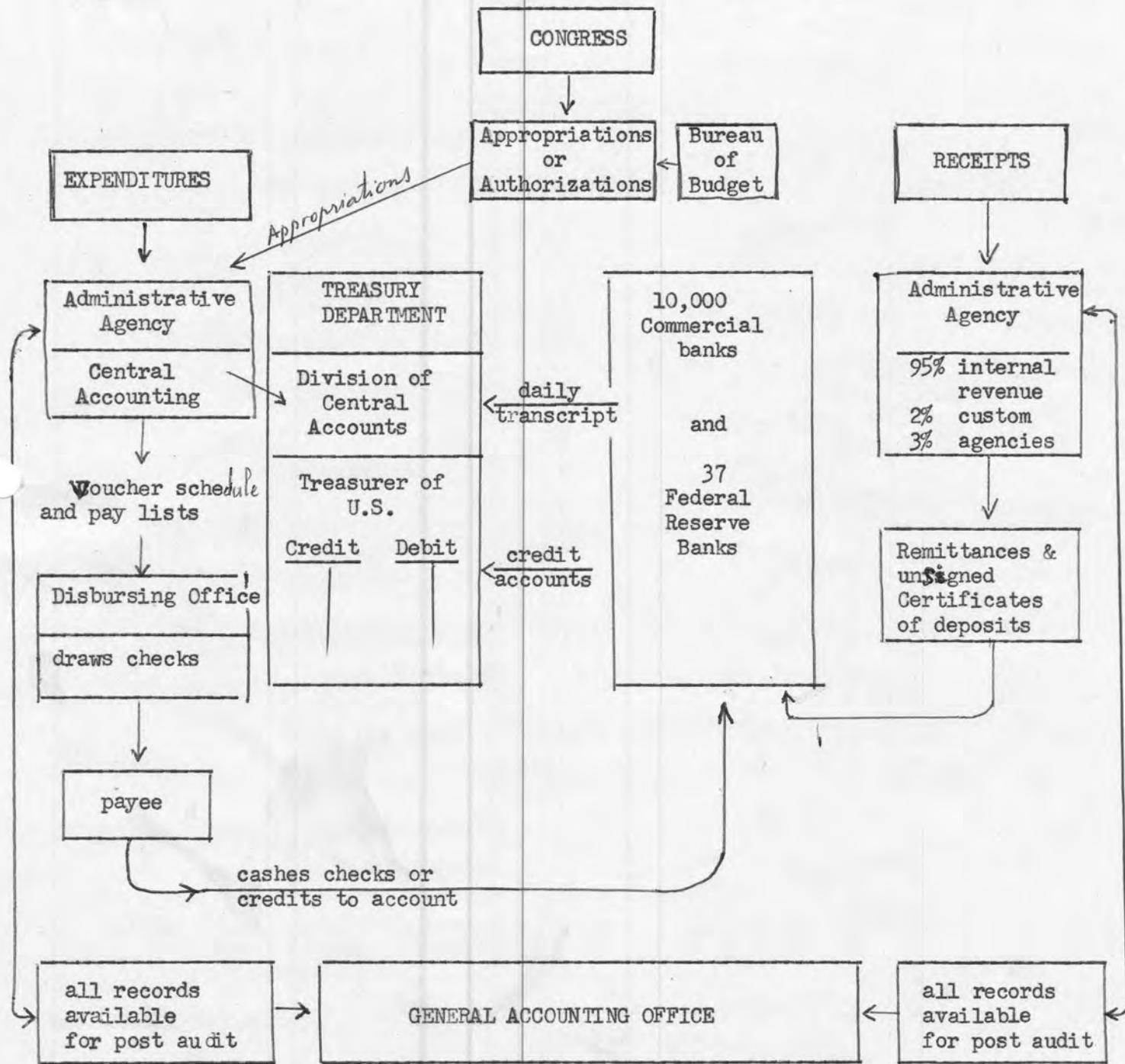
- post audits all activities of every agency (assets, liabilities, revenues, and expenses).

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The Organizational accounting system of the

TREASURY DEPARTMENT of the U.S.

and its relationships to the Administrative agencies



Besides the course of Government Accounting, practical training was provided by three conferences in the Treasury Department:

BUREAU OF ACCOUNTS

April 21, 1958, Mr Roger E. Smith, Budget and fiscal officer in the Bureau of Accounts, kindly arranged the discussion with his staff in my field of interest.

1) Central Accounts Division

Mr Howard A. Turner, Deputy commissioner for Central accounts explained the work of the Division. The purpose of the Treasury Department's system of Central accounts is to dis-close:

- 1) complete and current information on the Government's receipts, by principal sources (such as taxes, customs, sales of property, etc...) and the Government's expenditures, according to the legislative authorization involved, which we call "appropriation";
- 2) and also information on the cash transactions, classified by types (checks issued, checks paid, collections deposited, ect....).

So, one function of the Division of Central Accounts is to provide data for the Monthly Report, prepared on a checks-issued basis; a secondary function is to provide a Central record of appropriation expenditures.

The structure of this system is such that it provides for a reconciliation, on a firm accounting basis, between the published reports of receipts and expenditures, and the changes in the Treasury's cash balance.

Hence, the budget surplus or deficit, is not simply a statical matter, but is anchored to accounting processes based on actual financial transactions.

Generally speaking, we can say that the system of Central Accounts of the Treasury Department is built on the cash operations of the Government. It provides accounting support for the annual surplus or deficit shown by the Budget.

2) Central Reports Division

2) Central Reports Division

Mr Samuel J. Elson, deputy commissioner for Central Reports, gave the general idea of the central reports field. An important function of the Treasury department is to produce reports or interpretation of fiscal data, as may be required by the President, congressional committees, the Bureau of Budget or officials of the Treasury Department.

These reports relate the financial operations of the U.S. Government as a whole, I mean not only by various government agencies, but also by many individuals and non-government enterprises in the United States, and abroad.

Then, central reports could be developed from combined agency reports. However, some agencies maintain accounts on an accrual basis, some on a cash basis, others on a compromise basis. Reports would have to be secured from hundred of accounting units spread throughout the world. How to do it?

But, there are other types of data: (1) cash payments by the Treasurer, and (2) checks issued by Disbursing officers. These two sources are used, and two different reports are the result:

- one, known as the Daily statement of the U.S. Treasury, contains information obtained from the accounts of the Treasurer of the U.S. : cash deposits and withdrawals. This statement does not reflect the Government's revenues or costs, but reports only the gross cash activity of the Treasurer;

- another summary, known as Monthly statement of Receipts and Expenditures of the U.S. Government, issued on the 15th day of each month, covering the preceding month. In this report the Treasury department summarizes receipts by source and expenditures by bureau. From these data, it is possible to develop budget surplus or deficit;

- the third report is an annual one, specially required by law. This is the Combined Statement of Receipts, Expenditures and Balances of the U.S. Government, WHICH must be submitted by the Secretary of the Treasury to the Congress, on

the opening day of each regular session of the Legislature. The main purpose of the Annual report is to show, for each fiscal year, all receipts by principal sources, and the status individually of appropriation.

Other statements, certain of which are required under various statutes and executive orders, include :

- A Monthly Report of Appropriations, Authorizations, Expenditures and Balances under classification established for the Monthly Treasury statement;
- The Annual report of the Secretary of the Treasury on the state of the Finances;
- The Treasury Bulletin, reflecting monthly data on all Government fiscal and financial operations.

3) Disbursing Division

Mr Julian F. Cannon, Chief disbursing officer, explained the general function of the disbursing organization: The Division of disbursement performs disbursing function, and issues United States Saving Bonds through its twenty-one regional offices, for more than 1,400 separate government offices.

It makes payments for civilian Federal agencies, except the Post-Office department and certain government corporations.

The disbursing officer draws checks on the Treasurer of the U.S., and transmit them to payee. In doing so, he does not audit vouchers, and he is not concerned with the availability of the unexpended balance of an appropriation.

Checks, other than payroll checks, are mailed directly to the payee by the disbursing office, along with the agency's remittance notice. Payroll checks are usually delivered in bulk to an employee of the agency designated, for this purpose, by the disbursing officer.

Substitute checks to replace lost, stolen, destroyed, and mutilated checks, for all disbursing officers of the U.S., are also issued by the Division.

About 350 millions checks are drawn each year on the Treasurer of the U.S. more than one million on the average for each working day. Fixed charges for postage on check mailings, plus major items of essential supplies, such as blank-check stock, addressing-machine plates and envelopes, constitute over 50% of the appropriation requirements (\$17,350,000 in 1958). Postage, for mailing checks alone, accounts for more than 41% of the Division budget, or \$7,281,842 in 1958. The unit-cost (processing + postage) in the fiscal year 1959 is .6666, and the appropriation request is \$17,340,000.

So that, every year the Disbursing office must estimate the work volume to reduce the cost per check, and to submit the appropriation estimates.

Mr. J.F.Cannon emphasized on the basis for preparing appropriation estimates: appropriation estimates are based upon the number of checks and bonds to be issued, multiplied by the related unit cost. Each year, estimates of work volume are obtained from every department and agency served by the Disbursing division. These estimates are reviewed and analyzed by the Division in the light of actual volume, for the current and prior years.

To give me an idea, how the Disbursing division draws check, Mr Levy, head of the Washington Regional Disbursing Office, took me to the check drawing section, and explained the work from the source documents to the checks drawn:

- Voucher and schedule of payment are transferred by the agencies to the Disbursing office.
- Documents are examined and certified by certifying officers, and divided into workblock.
- A progress-sheet is prepared and joined to the supporting document, and to a blank check.
- amount is punched and printed on the check.

- name and address of payee typed on the check (for outsiders).
- name and address, amount are printed from the carbon on the back of document (payroll) by the heat processing machine.
- visual verification for replacement and substitution.
- checks are listed, added on the tabulator machine.
- balanced to insure amount on check is identical with that on voucher,
- signed and dated,
- microfilmed,
- forwarded to Mail room,
- inclosed in envelope by addressograph machine,
- ready then, to be delivered.

The Disbursing Division established reports as follows:

A report, known as a Statement of Accountability, is prepared and issued by disbursing officers at the close of each month's transactions. One copy is transmitted to the G.A.O., and another to the Division of Central accounts.

Each month he prepares a Statement of Transactions for each agency he serves, showing the monthly totals of payments and receipts for each appropriation. When received by the agency, it is reconciled with the agency's records. After verification by the agency of the monthly total, the Statement is forwarded to the General Accounting Office. Another copy of the Statement is sent to the Division of Central Accounts.

The totals of these two statements served as items in the Monthly Statement of Receipts and Expenditures.

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THIRD PERIOD : May - June, 1958

During this period, I made an observation trip to the following states: Indiana, Ohio, Illinois and Massachusetts.

STATE OF INDIANA

Indianapolis : April 26

Mr. A.L. Foosler, Treasurer of State, kindly arranged the discussion with his staff and with the other officials in the Senate Conference room.

State Treasury. Mr Bryant, Deputy Treasurer presented the organization, duties and activities of the State Treasury:

The Treasurer is elected for a two-year term, and shall not be eligible for more than four years in any period of six years. He is the custodian of the Treasury, and as such, is intrusted with the monies, securities, and the disbursements from such. He also keeps records required. So that he shall not make payment on any warrant issued by the Auditor of State which will cause an overdraft.

State Examiner. Mr. Hindman, State Examiner explained that the State Board of Accounts is composed of three members, the Chief examiner and two Deputy examiners.

The major functions of the department concern :

- supervising and examining all public records.
- prescribing financial records to be utilized by all government units.
- approving plans and specifications of buildings for the purpose of discerning open and competitive bidding.
- publishing a statistical report and roster of all public officers.

All field examiners must pass a written exam and an oral interview before being commissioned to this department.

State Auditor. Mr T.M.Hindman, in the third meeting, furnished the prin-

principal duties of the auditor of the State of Indiana.

The responsibility of audit of all public offices in the State is placed in the organization called the "State Board of Accounts". This board is charged with the responsibility to :

- keep and state all accounts between the State of Indiana and the U.S.
- examine and liquidate the accounts of all treasurers, and other collectors, and receivers of all revenues and income of the State, and also of all expenditures, disbursements and investments.
- examine, adjust, and settle the accounts of all public debtors for debts due the State Treasury.
- examine and liquidate the claims of all persons against the State.
- institute and prosecute, in the name of the State, all proper suits for the recovery of any debts, moneys or property of the State.
- direct and superintend the collection of all moneys due to the State.
- draw warrants on the Treasurer for all moneys, directed by law, to be paid out of the Treasury.
- annual reports.
- pre-audit of claims before disbursement is made.

Mr. T.M.Hindman emphasized on the auditing responsibilities and practice of the State Board of Accounts:

This Board is charged with the responsibility of making examination, or post-audit, of the financial transactions of all state office, departments, agencies and commissions, and also all local government units throughout the State. The reports on such audits are filed for public record.

These examinations, or audits, are intended under the law. Assignments to each office to be examined are made by the State Examiner for fixed periods to be covered. When an audit is completed, the rough, or pencil copy

of the audit report is filed by the auditors in the office of the State Board of Accounts. It is then typed, proofread by the auditors and made ready for official filing as a public record.

If the audit report indicates malfeasance, misfeasance or nonfeasance, the report may be certified to the Attorney General. If the report indicates a crime has been committed by an official, a copy of the report is certified to the Grand Jury of the country in which the crime may have been committed.

Certification of the reports to the Attorney General or the Grand Jury means that it becomes the responsibility of the Attorney General to recover, and the Grand Jury to investigate and determine whether in its judgement a crime has been committed.

STATE OF ILLINOIS

Chicago : May 5, 1958

I visited the Regional Disbursing Office. Mr W.W. Weelden, Regional Disbursing officer welcomed me faxmix at his office, and introduced me to Mr R.E. Craddock, Chief of payments, who explained the procedure of check process.

The checks writing system consists of 17 steps :

- 1 - progress sheet prepared
- 2- vouchers numbered
- 3- check numbers stamped on vouchers
- 4- gang punched
- *
- 5- interpreted
- 6- checks prepared
- 7- key punched *

- 8- checks prepared
- 9- proofread
- 10- subs proofread and inserted
- 11- tabulated
- 12- approved for release from balance unit
- 13- "object for which drawn" printed on check
- 13- signed
- 14- reel number and batch number (for the microfilm)
- 15- microfilmed
- 16- enclosed
- 17- mailed

I visited different sections of the Regional Disbursing Office: business machine section, visual verification section, stopped check and returned section, etc...

In the Public Debt Section, Mr R.E.Craddock pointed out that, besides the common punch cards machine, plates files, and check writing machine, the division has a stencil collator, unique in the United States.

He explained that the Regional Disbursing Office of Chicago paid monthly a total of 3 million dollars :

social security	:	\$ 2,250,000-
public debt	:	\$ 15,000-
administration compensation	:	\$ 170,000-
miscellaneous	:	\$ 565,000-

STATE OF OHIO

Dayton : May 6, 1958 The National Cash Register

I went to Dayton for a conference organized by the National Cash Register Company. Most of the guests are the U.S. Army's high officers,

who came from many parts of the U.S. Mr H.C. Keesecker, vice-president of the N.C.R. gave us a warm and friendly welcome at the conference room, and presented his staff.

Business machine. Mr. Bob Prouty explained the impressive development made by the company in the field of automation of day-to-day record keeping problem, and presented the work done by different automatic machines performed by the N.C.R. :

- the class 31 with I.B.M. punch,
- the Electronic-mechanical equipment multiplication,
- the National's electronic accounting machine,
- the Class 102-D computer,
- the Electronic-mechanical equipment Post-tronic,
- the Class 304 system specification.

Employee relations policy. Mr. Richard W. Murphy, Director of the Morain farm program invited us for a plant tour. I saw various divisions of the plant. Every section of the work is well performed by automatic machine s. Every worker does the job to the best of his ability, without the need of supervision. I was particularly interested on the perfect organization of this huge industry. Mr. Walter G. Boswell, Vice-president, industrial relations, explained the reason of this marvelous reussite by telling the history of the company, especially how James Ritty, who operated a restaurant at Dayton in 1878, had the idea which was responsible for the founding of N.C.R.

James Ritty was on the ship en route to Europe. As he watched the mechanism that recorded the revolution of the boat's propeller, he was challenged by the idea that a machine might also be developed to record sales in his cafe. When he returned to Dayton, he set to work to build such a machine.

The Cash register business, in the earlier days, had 13 employees and was housed in a one-room second-floor workshop. From that humble beginning, the N.C.R. factory has grown to occupy 30 buildings with over 84 acres of floor space. To day, N.C.R. employment world wide totals more than 40,000, and National machines are sold in 94 countries.

Mr. Walter G. Boswell pointed out that the secret of successful management of the N.C.R. depends upon Methods, Materials and Men, or, in another word, Head, Hand and Heart. The N.C.R. Family's way of life is founded on three basic principles : first doing everything to the very best of our ability; second, putting the Golden Rule into practice; and third, giving each employee an opportunity to help himself.

He emphasized that better industrial relations between both parties, the employer and employees, contributed much to the progress of this factory : in fact, throughout its history, the company has enjoyed good relations with its employees. The spirit, as well as the skill and experience of the organization, has been responsible for much of the progress of the company. In addition to good wages, steady employment and opportunity for promotion, an N.C.R. employee enjoys other advantages: employee benefit measures cover hospitalization, sick benefits, life insurance, and retirement income. A liberal vacation policy is based upon length of service. There are seven paid holidays.

In-plant facilities for the convenience of employees include dining rooms, medical department and dental service for emergency treatment, library and noon-hour entertainment.

A suggestion system, one of the first established in industry, encourages employees to be on the alert for better ways of doing things. This system offers definite channels, through which ideas can be submitted and brings cash rewards for adopted suggestions.

A good product begins with good employee relations.

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STATE OF MASSACHUSETTS

Boston : May 18, 1958

I reported to Mr Fred A. Monciewicz, Commissioner Comptroller, who kindly arranged my program of studies through his staff.

The Commission on Administration and Finance . Mr William Cohen, chief bookkeeper to the Comptroller presented the work of this office, which was established by the Acts of 1922, and composed of four commissioners:

- 1- The Comptroller,
- 2- The Commissioner of Administration,
- 3- The Budget Commissioner,
- 4- The State Purchasing.

The Comptroller. Mr William Cohen explained that the Comptroller is appointed for a four year term by the Governor with the approval of the Governor's Council. The Comptroller's Bureau is a part of the Commission on Administration and Finance. It :

- examines, with few exceptions, all bills and payrolls to be paid by the Commonwealth from the State treasury (annually : 402.000 vouchers, and 158.000 purchase orders).
- prepares and submits warrants to the Governor and Council and State Treasurer for the payment of such bills and payrolls.
- maintains the control accounting records of the Commonwealth (recording approximately one billion dollars of receipts and expenditures).
- prepares Monthly status of Funds reports, the annual report to the Budget Bureau.

- installs and revises the uniform accounting system of the Commonwealth for all spending agencies,
- verifies financial statements in state publications, registers state bonds, fixes amount of certain official bonds,
- regulates advances from the State Treasury to spending agencies,
- renders advice and assistance to all personnel in the spending agencies concerned with the accounting procedures,
- and furnishes such financial information to those in the Government and the general public.

3 o'clock Report. Mr William Cohen pointed out that verbal reports of staff members are not enough. The Comptroller's bureau has developed what it calls the "3 o'clock report". These reports are submitted to the Comptroller by supervisors at 3:30 P.M., each day. They were designed to show the amount of work received since three o'clock the previous day, amount of work completed, and amount on hand. These reports, not only permit management to deploy or hire personnel where and when needed, but also, due to the hour they are received, give ample time and up-to-date facts. Upon these facts, requests are based for overtime during seasonal peak workloads. In addition, they provide a sound basis for an understanding between the Comptroller and the supervisors of the effectiveness of their personnel and equipment.

The Budget Commissioner. Mr Joseph O'Connell, Budget Bureau officer, gave a general idea of the budget preparation. Annually, in September, every agency submits to the Budget Bureau its budget representing recommended expenditures for the fiscal year, beginning July 1 next.

The manner in which this budget is prepared by the Bureau becomes a

powerful weapon against waste and extravagance. Each agency is required to prepare a budget. However, there are certain management policies and guides which they must follow in its preparation. These are as follows:

- They are free to make any constructive recommendation regarding new expenditures if they were their own business and money, and not the tax-payers.

- Reasons for new equipment to be purchased or rented must be explained.

- Recommended changes in a job's rating must be justified by nature of work performed.

- Contract services for repairs must be justified by proving that service agreements would cost less than individual charges for repairs.

- Travel will be based upon a program of planned trips, the cost being based in part upon prior experience. Etc...

When the budget recommendations are received by the Budget Bureau, the Division heads may be called in to face questioning, regarding some of their recommendations. Those recommendations that survive this review represent essential needs.

This check up is made by the Budget Bureau, and the Ways and Means committees of the General Court which subject each agency's budget to careful scrutiny. The results of this examination appear in a document entitled "Budget Recommendations of this Excellency the Governor, House Document No I".

However, every agency is given another hearing of its budget before the Joint Committee on Ways and Means of the General Court.

The State Purchasing Bureau. The Commonwealth channels buying through one

agency, the State purchasing Bureau. This bureau has the authority to approve the amount of quantities of all supplies and equipment purchased. Every agency of the Commonwealth get the benefit of competitive quantity buying, laboratory research, favorable market conditions, etc... The ordinary procedure is to submit requisitions to the State Purchasing Bureau to obtain bids and make awards.

In many instances, the S.P.B. may give the agencies special permission to purchase certain items themselves.

The Purchasing Bureau has a revolving fund for the purpose of buying and stocking office supplies. He keeps and maintains lists containing the names, addresses and products of persons or corporations who express desire to bid on the different items required by the State. The contracts for quantity purchases and special items will be publicly advertised by this bureau.

The S.P.B. acts under certain rules and regulations adopted by the Commission on Administration and Finance:

- No supplies, materiel or other property shall be purchased or contracted for without competition, except in cases of emergency requiring immediate action.
- Contractors shall be required to furnish a satisfactory bond to insure the performance of the contract.
- Whenever and wherever, the products of State Institutions shall be given preference.
- The Purchasing Bureau shall give preference, in the purchase of supplies and materiels, in favor first, of supplies and materiels manufactured and sold within the Commonwealth and, second, of supplies and materiels manufactured within the United States.

- All material, supplies and equipment purchased, which require tests to determine if they comply with the contract, shall be tested under the direction of the Purchasing Bureau. Records of such tests shall be kept by this bureau to protect the State from the failure, on the part of contractors, with the terms of the purchases as made.

* * *

KNOWLEDGE GAINED THROUGH OBSERVATIONS DURING MY STAY
IN WASHINGTON D.C., AND DURING MY TRIP IN THE DIFFERENT
STATES

Before going to leave Washington D.C., I would like to emphasize a few words of my comments as follow:

I should say that my stay in the States was fruitful. Comparing my knowledge, as a whole, since I came last January and today, I sincerely feel that I have gained in this period social and financial knowledge, and information in general.

1) A Government for the people, by the people and with the people:

During my stay in Indianapolis, I had the occasion to talk with Mr. Hardwick, Budget director of the State of Indiana. As I manifested my appreciation to know that the State of Indiana had no public debts, he pointed out that the reason of this successful financial condition is to keep the government very close to the people: the State Treasurer is elected by the people every two years. He is not appointed by the Governor and then, has a large independence to perform his task. If he does not do a good job, people can vote him out the next election.

Every year, an Annual Report, containing every element on the situation of the taxes collection, the revenues of the States, the expenditures of the agencies, which the citizen should know, is prepared and rendered public. Every citizen can enter a Board of Accounts and asks to see what about the money collecting, especially the tax dollar, and how the Government spent them during the past fiscal year.

The local government works closely with the people by the device called "public hearing" in budgetting, city planning, tax increasing, etc... Then, the people can show out their opinions and participate

in the municipal activities. Waste of money will be eliminated, and good financial management will be performed.

2) Federal and local government:

In the United States of America, the Federal Government does not mean the whole country, and what we see in Washington D.C. does not exist necessarily in the local states.

The Federal Government has its accounting system, and the local governments their own procedures to suit their environment's finance and social affairs. Every state is free to set up its local bookkeeping auditing, and reporting system. However, they are not cutting off from the Central Government and resigned to live in their area, with their own resources and financial management. They collect some kind of taxes for the Federal Government which participates in the local affairs by his "grants in aid".

At the local level, there is a state supervision of municipal finance: the city collects fees and taxes for the State and shares certain charges and revenues. This supervision of the State includes also auditing, accounting, and budgetting.

This relationship between Federal, Local, and Municipal finance is very well established: on the one hand, it provides to the State an independence to manage their finances, to set up their own budget, to collect their revenues and solve their public debts. All initiative is given to the citizens who care for their own affairs by the representatives they select themselves. On the other hand, it permits the States to contribute in the financial development of the whole country, by their participation and cooperation in certain areas; for example highways, tax collection, interstates contribution, etc...

3) The audit system and the disbursing process:

The main duties of every government are to eliminate overpaid and overlapping of approval authorities.

In the Federal Government, when a bill is to be paid, it must be subjected to Administrative audit, and approved for payment by a certifying officer within every agency. An agency may have several such officers. They are appointed by the chief accountant or other accounting supervisor. Their function is to make sure that the voucher is a bona fide claim, that all required steps have been followed in verifying the quantity, quality, price of goods and services ordered or received. The certifying officer gives the supporting documentation a final review and affixes his signature on the accompanying voucher. Vouchers or certified list of vouchers, known as a "Schedule of Payment" are sent to the Treasury department disbursing division for payment. The disbursing officer prepares checks drawn on the Treasurer. He does not audit vouchers, and relies completely on the certification of the agency's certifying officer. Checks are mailed directly to the payee by the disbursing officer. The payees cash their checks in the commercial banks. These checks paid are cleared through the Federal Reserve Bank, which maintains general checking accounts with the Treasurer U.S.

In the Local government, the duty of voucher audition is concentrated in a special office, named Office of the Auditor (State of Indiana), or Comptroller's Bureau (State of Massachusetts). These offices examine all bills and payrolls to be paid, prepare and submit warrants to the Disbursing office for the payment of such bills and payrolls. The agencies, in the local state, are not concerned with the audit responsibilities which are centralized in

a particular department, so called State Board of Accounts or Commission on Administration and Finance.

In the Republic of Vietnam, the audit system is centralized in the audit bureau of the General Treasury of Vietnam, which receives, examines vouchers and accompanying documents (bill, payroll, purchase order, etc...) from all departments and agencies. Then, the vouchers are certified by the auditor and returned in bulk to the departments which transmit them to the Government creditors. The payees cash their voucher at the cash of the General Treasury of Vietnam, or its regional branches.

The Vietnamese Treasury has in his hand the right to certify the voucher and, at the same time, to pay it. His responsibility in the disbursing process, in many respects, merges with the duty of the Federal Reserve Bank (cash function), and with the responsibility of the agencies (audit function) in the United States.

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In conclusion, I wish to mention here, that my stay in the United States has been most enjoyable. My study trip will be beneficial for myself and for my country.

Yours very sincerely,

phan Dinh Nasc