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**A PROPOSED  
BUDGETARY ACCOUNTING  
PROCEDURES MANUAL  
FOR  
THE REPUBLIC OF VIETNAM**

**MICHIGAN STATE UNIVERSITY**  
Vietnam Advisory Group

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This proposed procedures manual for budgetary accounting was prepared at the request and for the use of the Direction General of Budget and Foreign Aid by Mr. John Q. Adamson, Accounting Consultant on the staff of the Michigan State University Vietnam Advisory Group. In the preparation of this material Mr. Adamson spent three months in the Obligation Control Service of the Vietnamese Government, working in close cooperation with staff members of that agency. His research was performed under the general supervision of Mr. Marvin H. Murphy, Budget Specialist of the Michigan State University staff.

It was originally planned to issue this report in the form of a loose-leaf procedures manual. Subsequently, however, it was decided that the material would have greater utility if it were bound. It is hoped that this book will become a reference guide, to be used by the Vietnamese Government in modifying and modernizing budgetary accounting procedures.

Those who are interested in existing 1957 Vietnamese Government budgetary accounting procedures should find the comparative flow chart and narrative description of present procedures (Exhibit I) useful.

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Chief Advisor  
December, 1957

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## A. INTRODUCTION

Since this writing is intended as a description of procedures for budgetary control accounting, its form will be that of a loose-leaf procedures manual rather than of a report. A procedures manual, to be practical and effective, must not be merely a description of current practice as it exists, but rather it should assume leadership and point out the way to be followed for more efficient and economical operations. Supervision at various levels should constantly strive to direct actual practice so that it will conform with procedures as set forth in the procedures manual. If circumstances exist at the outset or at any time which prevent conformity with the procedures as outlined in the manual, then those in authority should work towards correcting the circumstances if, after careful examination and review, the procedures are found to be sound and proper.

Likewise a procedures manual, to be practical and effective, should be subject to revision from time to time as new ideas develop and better ways of performance present themselves. All personnel concerned should be encouraged to present their ideas and inventions as such thoughts occur to them for improvement of any and all procedures. Such suggestions should be made to the Organization and Methods Group, which after careful analysis of their practical application, should prepare a write-up thereof and present it for the Director's approval before incorporating it into the procedures manual. At the time of incorporation it

is important that all personnel be informed and instructed. The best way to do this is by making the revised or supplementary procedures manual sheets promptly available to them. When necessary, the written instructions should be supplemented with personal instruction as well.

The first writing of the procedures manual is naturally on a tentative basis. Doubtless some unnecessary detail is included while, on the other hand, certain matters deemed essential by some are inadvertently omitted. Consequently, frequent revision and supplementation is anticipated and expected in the early stages of its formation.

One of the problems already encountered is that of terminology. For example, how should major sections of government be referred to in general? As a matter of expediency the term department has been used, not as a specific but simply descriptive. The same can be said in adoption of the term central accounting direction to describe a unit of government that perhaps does not now exist in the Viêt-Nam Republic. As established in the Viêt-Nam Republic, this direction would operate as a unit in the Direction General of the Budget and Foreign Aid, supplanting the present direction of control of 'dépenses engagées' and expanding its functions.

Likewise, the ordonnateur is assumed to be the department head or his delegated representative. The liquidator is assumed to be the departmental accountant or chief accountant. Thus it is pointed out that terms are intended in a descriptive sense and not as specifics. Converting terms to specifics will doubtless be some

of the early revisions called for in this procedures manual.

Although the procedures herein outlined advocate the use of a central accounting direction (service) for the final clearance and ultimate control of all expenditures, for the assembling and recording of all governmental financial activity in one central location, for one overall supervising and directing authority for all accounting procedures in the interest of adequacy, uniformity, and standardization, and finally for the maintenance of a strong organization to serve as a check and balance against the treasury's handling of funds in and out, nevertheless it is recognized that a central accounting direction, at least to the extent advocated herein, is not mandatory. It is possible to adopt an alternative system which would minimize the functions of the central accounting direction and leave the control of expenditures in accordance with allotments and appropriations entirely under the unqualified jurisdiction of the individual departments. The strong argument for the alternative system is that it eliminates a certain amount of duplication and facilitates payments in the hinterlands. It should be recognized that certain conditions must exist in order to insure an adequate and satisfactory decentralized accounting system. When a department has unqualified jurisdiction over expenditures, it becomes almost imperative to rely on an independent post-audit agency to achieve fiscal control and to insure that expenditures have been made in accord with the budget authorization. This system also requires an effective delegation, and acceptance,

of financial responsibility at the department level, and a satisfactory level of accounting skills within the departments to insure uniformity in procedures and reporting. If, at any time, this alternative system is adopted, this manual can be readily revised to conform to this alternative.

It is the responsibility of the budget direction to see through to conclusion the adoption of a complete and workable annual expenditure appropriation as set forth in the budget document. Consequently, it is at that point where budgetary accounting begins.

B. BUDGETARY CONTROL REGISTER

The budgetary control register is maintained in both the central accounting direction and each department or ministry concerned. This should be a loose-leaf book for flexibility, the same sheet form being used in the departments as is used in the central accounting direction, which results in printing economy and the advantage of standardization. In both places a separate sheet is headed up for each account by code number and name or description according to the budget account classification. In other words, the identity of the obligation, expenditure, etc., will be no longer by budget chapter and title but by the new budget account classification.

The particular layout of the form can vary as long as certain essential data is arranged for in convenient sequence. An example of the form is illustrated in all good, recent textbooks on governmental accounting<sup>1/</sup>.

Following this pattern is the State of Michigan "Budgetary Control" Form A-54 which provides a satisfactory arrangement<sup>2/</sup>. Columns 6, 7, 8, and 9 could be eliminated. However they might be left for:

- a. Separate control of Caisse de Regie expenditures, or
- b. When the Viet-Nam Republic installs a central purchasing office.

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<sup>1/</sup> See Mikesell, "Governmental Accounting", P. 136 (Homeward, Illinois, Richard D. Irwin, Inc., 1956). Also see Exhibit IV.

<sup>2/</sup> See Exhibit III and accompanying explanatory text in this manual.

## 1. Central Accounting Direction

The central accounting direction need carry only as much detail in the budgetary control register as is contained in the official budget document itself. This arrangement contemplates that the breakdown in the budget document would go no lower than the four or five major groups of objects of expenditure. More detail would unnecessarily burden the process of high level review and approval. The broader presentation would allow emphasis on the program concept of budget accomplishment.

It is anticipated that the various units of the Government will prepare their budget requests, which are submitted to the budget direction, by object code, but such fine detail should be omitted from the budget document presented to the National Assembly.

If this is done, then the central accounting direction would set up its budgetary control register sheets, likewise, by the four or five major groups of objects of expenditure for each unit of the Government.

To illustrate, an example of the budget document accounts might be as follows:

	SOCIAL DEVELOPMENT	(function)
	Education	(sub-function)
Department at the Presidency		(department)
National Institute of Administration		(budget administrative unit)
Academic Instruction		(program)

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(a) Civilian employee compensation	3,578,000\$VN	
(b) Contractual services, Supplies and Materials	2,029,000	
(c) Current Transfers Scholarships and Educational Allowances	<u>500,000</u>	
Total Current Operating Expenditures		6,107,000
(d) Equipment	<u>550,000</u>	
Total Capital Expenditures		<u>550,000</u>
Grand Total for Program		6,657,000\$VN =====

Items designated a, b, c, and d would be recorded as accounts in the budgetary control register of the central accounting direction.

## 2. Department

Each department would set up a budgetary control sheet for each object code. Summary sheets would also be set up according to major groups of objects of expenditure in order that an immediate comparison can be made between the departmental budgetary control register and the central accounting budgetary control register. The idea is that the department is given the responsibility of control of its own detail. The department needs the detail for management control of its operations. This is as it should be. The central accounting direction is concerned only with seeing that expenditures are in conformity with the appropriations set forth in the budget document.

An alternative procedure would have each department set up budgetary control sheets only for major groups of objects codes, that is, for the following as they apply:

### CURRENT OPERATING EXPENDITURES

1. Civilian Employee Compensations  
(or Pay and Allowances of the Armed Forces)
2. Contractual Services, Supplies and Materials
3. Payments of Interest
4. Reimbursement
5. Current Transfers

### CAPITAL EXPENDITURES

6. Machinery and Equipment
7. New Construction and Improvements
8. Purchase of Lands and Other Existing Assets
9. Capital Transfers

The central accounting direction would then have the responsibility for recording expenditures by detailed object code.

The detail by object codes could be punched on cards, sorted into object codes by department, and tabulated on accounting machines to furnish statistical statements to each department of its expenditures by object codes.

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## C. BUDGET DOCUMENT

The budget document, as finally approved, or the legislative bill which enacts the appropriations in detail, becomes the authority for posting, or entry of, the amount of the specific appropriation for the particular fiscal year in the budgetary control register. It should be the duty of the budget direction to notify each department of the amount of its appropriation by written notice. This can be by form letter with the particular section of the budget document, or legislative bill, attached. The present form of the budget document should be, and is being, revised according to the new account classifications.

### 1. Central Accounting Direction

The central accounting direction promptly posts or enters the appropriated amount for each department according to the account headings on the sheets, or pages, in the budgetary control register. The figure is entered for each account in the special column provided for "Appropriation" (budget credit).

### 2. Department

Likewise each department promptly posts, or enters, the appropriated amounts for its particular budget accounts according to the applicable account headings on the pages in its budgetary control register in the special "Appropriation" column provided.

D. ALLOTMENT SCHEDULE

Allotment is the process of estimating the spread of appropriation expenditures over the entire fiscal year by months and/or quarters and scheduling the appropriation (budget credit) accordingly. The purpose of this is to conserve the appropriation to assure its availability over the entire period to which the appropriation applies. This is to avoid loss of the entire year's perspective and to prevent the early exhaustion of the appropriation to the detriment of operations later in the year. It is protection against the department's over-enthusiasm to spend its credit for an account too soon and thus be embarrassed and ineffective due to unavailable credit for finishing certain aspects of its year's operations.

Under present procedures, the payroll for the entire year is encumbered or obligated at the start of the year although the allotment therefor is made on a quarterly basis. This results in an apparent over-expenditure immediately which is a distortion and is unsatisfactory from the standpoint of control. The argument is made that this applies to permanent employees and, therefore, an obligation is created for the entire year. On the other hand, the same philosophy could be applied to certain other materials and services but it is not. Also there actually is no obligation to pay until the work has been performed. Therefore, the allotment for personnel should be encumbered as payrolls are submitted.

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As an alternative, encumbrances could be made to match the allotment. That is, when the quarterly allotment is made, the payroll for that quarter could be entered as an encumbrance against it. This will provide a more realistic comparison and a truer picture of the situation from an obligation of expenditure control standpoint.

A second purpose of an allotment system is to prevent governmental deficits by establishing procedures whereby an agency's budget appropriations may be reduced when the actual revenue collections during the fiscal year are less than the estimated revenues used as a basis for determining the appropriations.

Quarterly allotments are now made by the budget direction according to the receipt of revenue and the budget direction should retain this power to reduce allotments when estimated revenues fail to materialize. However, the budget direction should be very cautious in exercising this authority. It should be assumed at the beginning of the fiscal year that funds will be available to cover the appropriations, and allotment schedules should be prepared on that basis. Only after five or six months' experience clearly indicates that actual revenues are falling below estimated revenues should procedures be started to reduce allotments. A more satisfactory solution to this problem is to develop better and more accurate revenue estimates, so that only under unusual circumstances will allotments have to be reduced for this reason.

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## 1. Budget Direction

The budget direction issues the "Requests for Allotments" forms to the various departments with instructions on the preparation and submission of the forms. The forms are designed to facilitate the spread of the appropriations throughout the year by months as accurately as possible. Payroll figures can be spread perhaps more accurately than others. On materials, contractual services, etc., estimates must be relied upon and here experience and prior records are helpful.

The "Request for Allotments" become formal allotments when approved by the budget direction and the respective departments are so notified. If, after review, the budget direction examiner thinks the request should be revised, he discusses this with the particular department's representative, explaining the reason, and together they come to an agreement or compromise. The "Request for Allotments" is prepared once a year in as many copies as necessary, including copies for the budget direction, the central accounting direction, the department. All copies are first sent to the budget direction, the department retaining one for record which could be the penciled work copy. The budget direction distributes the copies after approval.

The budget direction furnishes "Request for Allotment Transfer" forms to each department for its use in making such requests from one period to another as circumstances justify. No books of record are kept in the budget direction. Copies of forms are filed by department.

## 2. Central Accounting Direction

Upon receipt of the approved allotment schedules, the central accounting direction posts, or enters, the respective allotments in the budgetary control register, according to department and account classification, in the special column provided. Any allotment transfers approved are entered in the same column when written notice thereof is received.

At the beginning of each quarter the respective quarterly allotment is entered in the designated column in the budgetary control register.

## 3. Department

The departments make the same entries for allotments as the central accounting direction in the budgetary control register. The departments, however, will post the allotment amounts according to the analysis in which the budgetary control register is set up, that is, either by object code or by major groups of object codes. The latter alternative would be followed if central accounting furnishes the departments monthly tabulated statistical statements by object codes.

E. PURCHASE ORDER

Until a central purchasing department is established, it is assumed that each department will issue its own purchase orders. This should be the responsibility of a certain person or office (depending on volume of activity). Each section head, division head, or director, who has a budget authorization to administer, would make his wishes known by means of a "Purchase Requisition" form which he issues to the departmental purchaser or purchase office. Those authorized to issue and sign "Purchase Requisitions" are designated in writing by the ordonnateur with a copy to the purchase office. Here authorized signature cards can be used as explained in Section I below. The "Purchase Requisition" differs from the "Purchase Order" in that the former is an order to the purchase office while the latter is an order to the trader, or vendor. This process provides a centralization and thus a control of all purchasing by the head of the department. The "Purchase Requisition" shows the account number, according to the budget account classification, and this account number is then shown on the "Purchase Order".

It must be emphasized that the purchase office is not to delay or hold up issuance of the purchase order. As soon as the requisition is received, the purchase order should be prepared immediately, provided all purchase procedure requirements are complied with, such as obtaining the proper number of quotations, the calling for bids, etc.

The "Purchase Requisition" is prepared in three copies:

Copy No. 1 for the purchase office  
Copy No. 2 for the liquidator  
Copy No. 3 for the issuing office

The "Purchase Order" is prepared in six copies:

Copy No. 1 for the trader or vendor  
Copy No. 2 for the purchase office  
Copy No. 3 for the liquidator  
Copy No. 4 for the central accounting direction  
Copy No. 5 for the **issuing** office  
Copy No. 6 for the purchase office

After the "Purchase Order" is typed, copies 5 and 6 are removed. No. 5 is forwarded to the requesting office as notice that the "Purchase Order" has been prepared. No. 6 is filed numerically in the purchase office with the original requisition attached. The other four copies are sent to the ordonnateur who approves copies 1, 2, and 3, then forwards all four copies to the central accounting direction.

When the three visaed copies are received by the purchase office back from the central accounting direction (central accounting keeps copy 4) the 6th copy and the "Purchase Requisition" are compared with the original, and changes noted, if any. The 6th copy is filed alphabetically according to vendor's name. The original and 2nd copy are sent to the vendor, the 3rd to the liquidator. The vendor signs the 2nd copy of the "Purchase Order", signifying his acceptance of the order and agreement to abide by its terms, and returns it to the purchase office where it is filed numerically to provide a cross reference.

Each department will number its own purchase orders consecutively beginning with number one. To distinguish between the different numerical series, each department will use a prefix which will be the two-digit department code in the budget account classification, separated from the serial sequence by a dash, such as, 10-1, 10-2, 10-3, etc.

1. Central Accounting Direction

Upon receipt of the "Purchase Order", it is registered as an encumbrance (obligation) in the budgetary control register according to account number, the amount of money being posted in the column headed "Encumbrance" (or "obligation"). Before entering, the accountant (or special employee assigned) pre-audits the "Purchase Order" for:

- a. Mathematical accuracy.
- b. Adequacy of unencumbered allotment balance or budget credit, proper account number.
- c. Nature of contemplated expenditure in keeping with appropriation intent.

In the event any of these three are negative, the "Purchase Order" is attached to a printed transmittal slip on which the reason for rejection is checked (✓), and returned to the liquidator who will arrange to have the necessary rectification made. In such case, central accounting makes no entry in the budgetary control register.

If the "Purchase Order" is found to be proper, it is registered by entering the pertinent information in the budgetary control register and bringing down a new balance in the "Unencumbered Allotment Balance" column.

The four copies are then visaed, the fourth is filed, the first, second, and third copies are returned to the purchase office.

## 2. Department

The issuing office sends the "Purchase Requisition" in duplicate to the purchase office. The purchase office prices both copies and passes them to the liquidator. The liquidator enters the proper budget account classification code number on both copies. He records the obligation as an encumbrance in the budgetary control register, ascertaining that the allotment balance is sufficient to absorb the proposed expenditure. The liquidator then visas both copies, returns the original to the purchase office and files the duplicate copy by issuing office.

Upon receipt of Copy No. 3 of the "Purchase Order" which has been visaed by the central accounting direction, the liquidator compares it with his copy of the "Purchase Requisition", and its entry in the budgetary control register, and makes any supplemental posting required to bring the original posting into agreement with the "Purchase Order". He also amends the "Purchase Requisition" to bring it into agreement with the "Purchase Order", including notation of the purchase order number. He files the "Purchase Order" by number and the "Purchase Requisition" by issuing office.

It will be pointed out that the department encumbers the requisition while central accounting only encumbers the order. This is to save central accounting some unnecessary detail because a fourth copy of the requisition could be made and sent

to central accounting for encumbering. It is believed, however, that the omission of this step in no way weakens central accounting control because from central accounting's standpoint no obligation is incurred until it visas the "Purchase Order".

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F. INVOICE - VOUCHER

This is a combined invoice and voucher prepared by the trader or vendor (or by the department and sent to the vendor for certification signature) on the standard form furnished by the Viet-Nam Republic. The cost of furnishing the forms is more than offset by the processing time saved with the use of a standard form. Since it is a combined invoice-voucher, designated spaces are provided for all accounting and budgetary control purposes, as well as for the pre-audit processes.

The "Invoice-Voucher" comes in sextuplet, that is, six copies to each set, which are distributed as follows:

Copy No. 1 for treasury, after visa by central accounting direction.

Copy No. 2 for central accounting direction.

Copy No. 3 for vendor with remittance (cheque)

Copy No. 4 for liquidator, at time payment is made, completed as to date of payment, check number, etc.

Copy No. 5 for liquidator, at the start.

Copy No. 6 for vendor, retained for record at time invoice-voucher is prepared.

Conforming to present practice, the approval signature of the ordonnateur is provided for on the "Invoice-Voucher". It is recommended, however, that this duty be delegated, say to the liquidator, in order that the ordonnateur will have more time available for administration of his department as well as for other problems of state.

## 1. Central Accounting Direction

If the "Invoice-Voucher" is received from the department, there will only be the four copies, Copy 6 having been retained by the vendor, Copy 5 by the department. Copy 1 will have been approved by the ordonnateur.

A voucher number is assigned by central accounting from the register established for this purpose, and the number is entered on all four copies. For applying serial numbers to forms in quantity, a small, mechanical, hand-numbering machine, such as a "Bates", is highly recommended. Such a machine automatically changes number after the set designated impressions have been made.

If the "Invoice-Voucher" is received by central accounting from the vendor, Copies 1 and 5 are sent to the liquidator. No. 1 will be approved by the ordonnateur and returned to the central accounting direction, No. 5 will be retained for departmental record. For departmental control purposes, the liquidator will assign a departmental consecutive voucher number to the No. 5 copy because the numbers assigned by the central accounting direction will not run consecutively for individual departments.

At the central accounting direction the "Invoice-Voucher" is matched with the copy of the corresponding "Purchase Order" on file and partial pre-audit is performed as follows:

- a. Compt. - Verification of mathematical accuracy. Since this was done for the "Purchase Order", mental comparison of figures would suffice unless a double check is desired.

- b. Checked - Items and specifications on "Invoice-Voucher" are compared with those on "Purchase Order."
- c. Audited - This is partially done by auditing the accounting distribution of the total amount (in money) by cost classification or object code.

It may be found more practical to defer any of the pre-audit processing until the "Receiving Report" arrives so that all three essential documents: "Purchase Order", "Invoice-Voucher", and "Receiving Report" are on hand to complete the pre-audit in one continuous operation. Although these three steps in the pre-audit process can be performed by the same employee, the better practice is to have one employee verify the mathematical accuracy, another employee to do the checking, still a third employee to audit for accounting distribution and overall review. Each person thus becomes adept at his particular function, initials the document after completion, and passes it along quickly to the employee performing the next function.

## 2. Department

The liquidator has the responsibility of seeing that the vendor promptly submits an "Invoice-Voucher", even to the extent of preparing it himself, if necessary (from the vendor's own invoice), and submitting it to the vendor for certification. Only the No. 1 copy is certified by the vendor.

Should the vendor send the "Invoice-Voucher" to the central accounting direction, the liquidator receives the No. 1 and No. 5 copies from there.

In either case the liquidator matches the "Invoice-Voucher" with his No. 3 copy of the "Purchase Order" which he has on file, obtains approval of the ordonnateur on copy No. 1 of the "Invoice-Voucher", then passes it on to the central accounting direction, either alone or with copies No. 2, No. 3, and No. 4, if he has them.

In the budgetary control register, the liquidator liquidates the encumbrance of the "Purchase Requisition" as adjusted to the "Purchase Order" if so required, and enters the "Invoice-Voucher" as an expenditure. This last operation is deferred until actual notice of payment is received by the arrival of the No. 4 copy of the "Invoice-Voucher" with evidence of payment thereon.

### 3. Special Vouchers

Special voucher forms can be designed and made use of to meet specific demands where the general "Invoice-Voucher" does not seem to fit too well. Too much specialization is not advised, however, particularly at first. With the proper detailed attachments the "Invoice-Voucher" can be adapted to all payments without too much strain. Special voucher forms which might be considered for specific uses include:

Payroll Voucher

Employee Expense Voucher

Imprest Cash Voucher

Freight Voucher

These are vouchers, of course, which do not require purchase orders nor receiving reports. The supporting schedules attached, however, must be certified and approved. For example, in the case of a "Pay Roll Voucher", the payroll itself must be attached and certified to by the accountant responsible for its preparation, visaed by civil service, perhaps, and approved by the ordonnateur.

Likewise for an "Employee Expense Voucher", specific details as to expenditures are required to be shown and certified to by the employee, authorized by his immediate or intermediate supervisor, visaed by the liquidator, and approved by the ordonnateur.

The "Imprest Cash Voucher" must not only carry a listing of all cash disbursements, but each amount listed must be supported by an "Imprest Cash Receipt" bearing the signature of the

payee as well as a detailed description of the object and purpose. In addition, the "Imprest Cash Voucher" must be visaed by the liquidator and approved by the ordonnateur before it is sent to central accounting.

The recommendation for attaching copies of the receipts to the voucher raises the objection that too much clerical effort would be spent in the pre-audit of such petty expenditures and would thus serve to partially cancel out some of the advantages gained through the use of an imprest cash fund for small payments. Perhaps after a post-audit procedure is well established, the receipts should be retained in the issuing office for the inspector's scrutiny, rather than be attached to the original voucher which goes to treasury.

For all of the special-purpose vouchers, regardless of form used, the liquidator makes entry in the department budgetary control register to encumber the allotment (budget credit) as soon as it is first received. There will be an exception for the "Pay Roll Voucher" if pay rolls are encumbered quarterly in advance.

Recurring Expenditures, which require no "Purchase Requisition" but relate to a service that is furnished on a continuing basis, can be processed in different ways. Such expenditures would include those for telephone, telegraph, water, electricity, garbage collection, and other items that could be included in a broad, general class. In connection with the rendering of such services, the user is usually required to sign a contract, no matter how simple or informal. A copy of such contract should be retained by the liquidator and central accounting. Particularly those named are sometimes referred to as compulsory expenditures. The responsibility for originating these periodic expenditures rests with the liquidator of each department.

Such expenditures could be processed for payment by any one of the following means.

1. By using the regular "Invoice-Voucher".
2. By using a special voucher form, one entitled, say, "Contractual Service Voucher".
3. By using imprest cash funds.

Both the liquidator and central accounting must necessarily be alert to the fact that each of these would be primary obligation documents as distinguished from material purchase vouchers which have been previously encumbered through the preceding "Purchase Requisitions" or "Purchase Orders". Imprest cash fund payments are processed on an "Imprest Cash Voucher" anyway which is by nature a primary obligation document. An experienced recordkeeper quickly becomes aware of these differences and recognizes them with no trouble. The liquidator will arrange for proper entries to be made in the budgetary control register as soon as these vouchers originate or arrive in his office. The register should be checked for each voucher to ascertain whether or not the expenditure has been previously encumbered and for what amount. This procedure is followed in central accounting as well as in the office of the liquidator.

The "Invoice-Voucher" would be adequate for processing the payment of such expenditures. The main objection would be that the "Invoice-Voucher" should always be supported by a "Purchase Order" and a "Receiving Report" and introducing exceptions

violates this rule and thus tends to weaken control. If exceptions are made, these expenditures not entitled to such exception might slip by, or troublesome attempts will be made by some employees to slip them by.

On the affirmative side it could be stated that the very nature of the expenditures would indicate that neither a "Purchase Order" nor a "Receiving Report" would be required for these recurring expenditures, consequently there would be no problem. It was not intended that the "Invoice-Voucher" is to be used exclusively for material payments but for payments of both material and services. In most cases, however, it would be better to accept the utility billing on the companies' regular billing forms, attaching these to the voucher, using the voucher as a summary or recapitulation statement for the attached bills. Then the question arises as to whether time would be available for the sending of the voucher back to the utility for signature.

A little patient education might prevail upon the utility offices to prepare the "Invoice-Voucher" each month in recapitulation form and submit it signed with the supporting bills attached. That course would seem to present a rather ideal solution. It would be desirable to have two sets of the bills for attachment. One set would be attached to the original of the voucher which is filed in the treasury, while a second or duplicate set would be attached to Copy 5 of the voucher which the liquidator retains. The bills would be visaed by the liquidator

while the voucher would be approved by the ordonnateur or his delegate. The liquidator should make an earnest effort to include all the bills from the same company for the same billing period on one voucher. The only exception would be the bills for services furnished free by the Government to the homes of certain employees. It would be a good idea to prepare a separate voucher for these.

The "Contractual Service Voucher" would be processed the same as explained above for the "Invoice-Voucher" but it would mean another special purpose form. About the only difference would be in name to indicate that no "Purchase Order" nor a "Receiving Report" is required. Although seeming to simplify matters in that respect, it creates at the same time the complication of employees (and vendors, too, perhaps) having to decide when to use the "Invoice-Voucher" and when to use the "Contractual Service Voucher". The different form title would have this definite advantage. It would be a signal to both liquidator and central accounting that this was a primary obligation document not previously encumbered.

Imprest Cash Funds are often used for recurring expenditures, such as utility bills, post office box rental, etc. It might be of sufficient interest to mention that the various departments in the State of Michigan process such expenditures through either an imprest cash fund or an imprest fund bank account. For the latter an "Imprest Cash Purchase Order" form which is a combina-

tion purchase order, vendor's invoice, and receiving report is used in combination with an imprest cash cheque. One reason for handling payments through an imprest cash fund or imprest fund bank account is that in America utility companies often charge a penalty to users of service who fail to pay their bills within a relatively short time, usually 10 days.

For outlying offices in Viet-Nam which are furnished recurring services, local utility and otherwise, it seems that expediency would demand payment out of an imprest cash fund. If the utility operates on a National scale, then bills for services rendered to outlying offices could be included on the same departmental voucher as the bills for services in Saigon.

G. RECEIVING REPORT

The "Receiving Report" will be prepared by the liquidator of the department concerned from the tally sheet of the receiving clerk or storekeeper. The four copies in the set are distributed as follows:

Copy No. 1 for the treasury - sent by central accounting direction with "Invoice-Voucher".

Copy No. 2 for the central accounting direction.

Copy No. 3 for the purchasing office.

Copy No. 4 for the liquidator

The storekeeper or receiving clerk certifies all four copies. The ordonnateur approves copy 1, authorizing payment of vouchers covering the items listed, returns it to the liquidator who sends copies 1 and 2 to the central accounting direction, copy 3 to the purchase office.

1. Central Accounting Direction

Upon receipt of the No. 1 and No. 2 copies of the "Receiving Report", the central accounting direction is prepared to complete its pre-audit of the "Invoice-Voucher". The "Receiving Report" is matched with the corresponding "Invoice-Voucher" and "Purchase Order" for completion of the pre-audit which is carried out as outlined under Section F (p.F-1) above with the additional process of checking and comparing the items on the "Receiving Report" with those on the "Invoice-Voucher".

2. Department

The purchasing office and liquidator file their copies of the "Receiving Report" with their copies of the "Purchase Order".

H. DISBURSEMENTS

The subject of disbursement procedures actually pertains to the treasury and is somewhat beyond the realm of budgetary control accounting. Nevertheless, the central accounting direction is involved to quite an extent. So, to round out the cycle, a brief description of procedures advocated for the payment process is outlined in this section.

1. Treasury and Central Accounting Direction

After completion of pre-audit, central accounting transmits copies 1, 2, and 3 of the voucher and copy 1 of the "Receiving Report" (when applicable), to the treasury for completion of payment.

The treasury compares all the documents for agreement as to detail and then visas the three copies of the voucher. At this time, if there is any opposition to payment on file, a "Deduction Order" shall be prepared and joined with the voucher. The number of the voucher will be entered on the "Deduction Order." (Consideration should be given to the preparation of the "Deduction Order" in advance so there will be no delay in payment of the voucher when it reaches the treasury.) The net amount of the voucher is entered on the "Deduction Order" and the amount of the deduction is subtracted to obtain the net amount to be paid. Six copies of the "Deduction Order" are prepared:

Copy No.	1	for the	payee
"	"	2	" " central accounting direction
"	"	3	" " treasury
"	"	4	" " central accounting direction
"	"	5	" " treasury
"	"	6	" " creditor

The last three copies are titled "Transmittal of Collection for Benefit of Creditor." The amount of the voucher is not shown on these copies. They are held until payment is completed of the voucher against which the deduction was made. Then a warrant or cheque is prepared in favor of the creditor

for the amount of the deduction (less taxes and charges, if any), and sent to him by the treasury with Copy 6 of the "Transmittal of Collection for Benefit of Creditor". All three copies, 4, 5, and 6, are validated by the treasury and show date and number of warrant or cheque number. In case of attachment in which the court decision is still pending, the amount of the deduction order will be transferred to the bureau of consignment. When the court has made its decision, the full amount will be transferred back to National Budget Funds and the appropriate warrant(s) or cheque(s) will be issued in accordance with the court decision. In this case, copies 4, 5, and 6 will be held until final payment is made.

But returning to the payment of the voucher, the treasury prepares the warrant or cheque for the net amount to be paid. The checks could be prenumbered and released to the treasury in controlled batches by central accounting. If central accounting is informed in advance of the amount of the "Deduction Order", central accounting could prepare the check and present it for treasury signature along with the voucher. The warrant or cheque number is entered on all three copies of the voucher. In the treasury the voucher is validated for its full amount and the "Deduction Order", if any, is given a contra-validation for its amount, so that the difference between the validation and the contra-validation will equal the amount of the warrant or cheque.

Copy 3 of the voucher, and Copy 1 of the "Deduction Order", if any, are sent with the warrant or cheque to the vendor. Copy 2 of the voucher and Copy 2 of the "Deduction Order" are sent to central accounting. Copy 1 of the voucher and Copy 3 of the "Deduction Order" are filed in the treasury.

Central accounting compares Copies 2 and 4 of the voucher, enters the warrant or cheque number and date of validation on Copy 4, then sends it to the liquidator. Central accounting posts from its validated No. 2 copy of the voucher to the budgetary control register, liquidating the "Purchase Order" encumbrance, recording the expenditure by voucher number and amount of payment. The difference, if any, cash discount or trade-in allowance for example, is reflected in the "Unencumbered Allotment Balance" column. If there is a "Deduction Order", the amount thereof is entered in favor of the third party in the special journal and in the accounts payable subsidiary ledger. Copy 2 of the voucher is then filed numerically by central accounting voucher number.

When copy 4 of the "Transmittal of Collection for Benefit of Creditor" is received, central accounting makes entry in special journal and in the accounts payable subsidiary ledger.

Instead of handling "Invoice-Vouchers" and other vouchers individually between central accounting and the treasury, it will probably be advantageous to use a voucher transmittal form, prepared in duplicate, on which the vouchers are listed and to

which they are attached. Many of these forms will be prepared daily by central accounting and sent to the treasury as promptly as completed. For example, if 400 vouchers are processed in a day and 20 vouchers can be listed on one transmittal form, then there will be 20 transmittals for that day. The advantage is in being able to control vouchers in registered batches rather than as individual documents.

In addition to columns for identifying the vouchers by name of payee, voucher number, account classification number and amount, there is a column for the warrant or cheque number. It would be advisable to have three amount columns, one for the voucher, one for the "Deduction Order", one for net. It may be necessary to omit the account classification number to provide space. The warrant or cheque numbers would be entered by the treasury on both copies of the voucher transmittal, then one copy of the voucher transmittal is returned to central accounting along with the validated copies of the vouchers. Each voucher transmittal would be consecutively numbered and dated for ready accountability and identification and would serve as a batch sheet for accounting entry purposes.

## 2. Alternative Procedures

The procedure could be simplified by making provision for the subtraction of the amount of the "Deduction Order" on the face of the voucher. If this practice is preferred, then Copy 2 of the "Deduction Order" should be sent in advance to central accounting in order that the subtraction could be made by central accounting and the credit account number entered. Under this practice there need be no change in the processing of the payment to the creditor, the "Transmittal of Collection for Benefit of Creditor". This alternative procedure would permit central accounting to prepare the warrants or cheques and submit them attached to the voucher for treasury signature.

In some cases the "Deduction Order" will be in favor of the National Government rather than a third party. Then there will be no processing of the "Transmittal of Collection for Benefit of Creditor". Rather than accounts payable, central accounting will credit the particular account affected. A "Deduction Order" in favor of a governmental unit other than the National Government, such as a province, city, etc., should be processed the same as for private third parties. In the event, however, that such unit is in debt to the National Government, the account recording the indebtedness would be credited rather than a reimbursement payment made.

If the procedure is followed as recommended by Mr. Shephard (see p.88, "Report on the Budget Process in the Government

of Viet-Nam", dated August, 1956) of placing the burden of the "Deduction Order" on the department concerned, rather than on the treasury, then the subtraction and the account classification number would be entered by the liquidator at still an earlier step in the processing of the voucher.

It can readily be seen, however, that at best the processing of a claim by use of an offsetting deduction is awkward and cumbersome. A much simpler and cleaner way would be for the treasury to notify the intended payee that a warrant or cheque in a stated amount is being prepared to his order, that a legal claim in a stated amount has been filed against it, that as soon as the intended payee will make payment of the claim to the treasury, the treasury will make haste to deliver said warrant or cheque. This last alternative is strongly recommended. Upon receipt of the amount of the claim, the treasury would prepare a "Non-Revenue Receipt Voucher", with a copy to central accounting. Central accounting would then originate a voucher authorizing payment in case claimant was a third party.

### 3. Warrants vs. Cheques

It will be noted that throughout the manual no reference has been made to the use of the "Mandat" or "Bon de Caisse". The payment medium has always been referred to as a warrant or cheque. The use of a "Bon de Caisse" is not recommended because it is a cumbersome, unwieldy document unsuited for the purpose of facilitating payment. It is advocated that the use of these documents be promptly discontinued in favor of either a warrant or a cheque as the paying medium. Either a cheque or a warrant is negotiable by endorsement. It is a simple, much smaller document that facilitates its handling at all times.

The difference between a warrant and a cheque is that the warrant is an order on the issuer (the National Government) to make payment (like a draft) while a cheque is an order on a bank to make payment for the drawer's (the National Government) account. In the first case the treasury makes the payment and in the second case a bank makes payment from funds deposited there by the treasury. In that respect the warrant is like a "Bon de Caisse" but in that respect only. The freedom of circulation of a warrant should in time, though not at the outset, be about equal to that of a cheque. As a matter of fact, the warrant can be directed for payment to a certain banking institution similar to a draft, by printing the name of the bank that will honor the warrant on the face of the warrant. In such a case, however, the document then technically becomes a draft rather than a warrant.

Of the two, the first preference is for a bank cheque, to be used as the liquidating medium for National Government obligations.

The advantage in the use of a bank cheque is broadly two-fold:

- (1) Convenience, expediency, and added safety. The actual paying is turned over to the Country's banking system which, as a general rule, is better equipped and organized for this purpose. Money is not so easily misappropriated after it has been deposited in a bank.
- (2) It will encourage the use, hence the development, of the Country's banking system. The development of the banking system will in turn foster and promote commercial enterprise, due to the facility of making and receiving payments for goods and services.

The warrant will be a great improvement over the "Bon de Caisse" in that it will be a simpler and smaller document to handle. The National Government should permit its negotiability by means of endorsement but perhaps limiting the number therein to two or three. This would enable the payee to obtain payment from a bank, or even from a merchant in exchange for goods, or part goods and part piastres. This arrangement would be particularly beneficial to payees in the hinterlands where treasury facilities would not always be near at hand.

With the adoption of the warrant it would be necessary to maintain the same treasury facilities as now exist (in lieu of using banks and banking agencies) for the payment of the "Bon de Caisse". It would not be necessary, however, and this is important, to maintain complete duplicate processing staffs at points outside of Saigon, such as Hue, Dalat, and Banmethuot. All processing could be done efficiently and readily, according to the procedures

herein outlined, in Saigon. Offices in the hinterlands would operate the same as offices in Saigon, submitting special vouchers and "Purchase Requisitions" for all supplies except of a perishable or emergency nature. Only purchases of such nature, and in specified limited amounts, would be permitted out of an imprest cash fund (caisse de régie), which would be reimbursed from Saigon, by cheque or warrant cashable at a bank or treasury agency, after submission of an "Imprest Cash Voucher" with proper receipts attached, as further explained under Exhibits IX and X.

I. SIGNATURE AUTHORIZATION

Authorization of specific document signers (including visa and approval) is an important control feature which can be streamlined to some extent without losing the essential inherent responsibility. This is done by means of signature verification cards on which the authorized signatures appear with the approval signature of the appointing authority, usually the department head. The form of the card could be as follows:

## Front of Card

Viet-Nam Republic Signature Verification Card		
Name (type or print)	Title	Signature
Those named above are authorized to sign the listed documents that have not been struck out: Purchase Orders, Invoice-Vouchers, Receiving Reports, Payrolls, Imprest Cash, Travel Vouchers, (space for adding others)		
for the _____ <div style="text-align: right;">Name of Department</div>		
_____	_____	
Date	Signature of Department Head	
(Rule out items not applicable. Expenses incurred by authorized agent must be approved by supervisor.)		

The cards will be needed mostly by the central accounting direction and by the treasury as they will have a set of cards



J. BUDGET REPORTS

Budget reports should be prepared monthly by the liquidator with as many copies/<sup>provided</sup>as are necessary for informative and management purposes. As a minimum, the reports should be supplied to the department head, the budget direction, the central accounting direction, and the liquidator. A fifth copy should be divided and distributed to the various directions of the department according to responsibilities.

In addition to showing total figures for the year to date, figures for the current quarter are frequently shown as well. Too much detail is likely to be confusing so it is better to err on the simple side. It is important, of course, for the central accounting direction to receive sufficient detail for reconciling purposes, the burden of which should be placed on the liquidator as soon as ~~circumstances~~ permit.

One set of monthly budget reports seems adequate, that is, it should not be necessary for the central accounting direction to prepare similar reports. If there are discrepancies in the ~~departmental~~ reports, these can be pointed out for correction to be given effect the following month. If of sufficient consequence, and for year-end reports, the central accounting direction should request the liquidator to immediately prepare corrected reports. Since there is usually a delay in year-end closings, a tentative report should be issued, then a final report.

## K. OVERCOMING DELAY

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It must be emphasized that promptness is an essential quality of the procedures herein outlined and is only slightly secondary to control. The advantages to be gained by the quick processing of payments have been thoroughly set forth in the Michigan State University Viet-Nam Advisory Group Report, "Budgetary Administration in Viet-Nam". If there is any phase of these procedures, any step in the process, that impedes the prompt flow of the required documents, then immediate correction should be undertaken. Delay must not be taken for granted nor tolerated at any point. If the process on a particular transaction is blocked, or there is a hold-up for want of a proper document, then at that point the official is obligated to exercise the essential initiative, in one direction or another, to correct the difficulty.

It is the duty of every official concerned, who functions at any point along the processing chain, to discharge his phase of the work with the utmost urgency and dispatch. Every official must realize that it is his solemn responsibility, in the interest of economy and public good will, to do this with such promptness that no accusation of delay can be directed toward him. Should any official fail to understand and rise to this responsibility, and after advice and warning still persists by his dilatory tactics to deter the expenditure and disbursement process, then he should be transferred to an assignment where deliberatness is no handicap and replaced by

a successor who can function with the necessary immediacy and alacrity.

It has already been stated that drawer files should be provided in the treasury and central accounting for safe, orderly filing of signature cards as well as for affording instant accessibility to them. One or two small, inexpensive card-size drawers will suffice. Somewhat more expensive but well worth the investment are good quality letter-size (8 1/2" x 11" size documents) metal four-drawer (ball-bearing suspension) cabinets for safe, orderly filing of incomplete and complete expenditure documents of current interest. These will provide instant accessibility, so are essential in the function of reference to, and matching of, documents in various stages of current process. These are absolutely indispensable for central accounting and the treasury. At least one should be provided for each purchasing office and each liquidator.

To insure promptness, time tables should be established at each point where documents are handled. The timing should begin when the voucher is received, and in case of material purchases when the "Invoice-Voucher" and material have been received. Note that the timing starts when the material itself is received, not the "Receiving Report" as the department could be guilty of delaying preparation of the "Receiving Report". Likewise it is the responsibility of the liquidator to assure a prompt submission of the "Invoice-Voucher", as already stated, even to the extent of preparing it himself. Hence, failure to receive the "Invoice-Voucher" would be no satisfactory excuse for delay.

For example, a time-table summary might appear as shown below. Remember this does not include the time required for the exercise of the purchasing function which, likewise, is greatly in need of streamlining.

Time-Table Summary

<u>Point of Processing</u>	<u>No. of Full Working Days</u>
Receipt of "Invoice-Voucher" and material	-
Receiving clerk	2
Liquidator	2
<u>Ordonnateur</u>	1
Central Accounting	3
Treasury	2
Total:	10

The above time-table summary applies to Saigon. Where orders originate at distant points, upwards of 10 more days should be added for documentary transmission time.

The time allowed appears to be ample at each point of execution, so that, if more than two weeks elapse between the receipt of material and "Invoice-Voucher", and issuance of the warrant or cheque, then something is wrong. The organization and methods section should investigate to ascertain where the delay is **occurring** and set about to remove the bottleneck.

There might be a delay due to a short delivery of material which the purchase office and receiving clerk should hasten to

correct with the vendor, either by supplemental delivery or by revision of "Purchase Order" and "Invoice-Voucher", quickly done by voiding the old and issuing new, with adequate cross-references, of course. There might be a delay due to the delivery of wrong material, or material not meeting specifications. Here again the purchase office and receiving clerk must readily clear with vendor.

But there could be no delay due to budget over-expenditure, as the "Purchase Order" was already cleared as to the available budget allotment (credit) balance.

There can be no delay on the part of the liquidator as his is strictly an accounting function. If properly organized, his verification of accuracy, matching of documents, and posting of accounting entries should be completed with regularity and timeliness.

There can be no delay on the part of the ordonnateur as he has already approved the "Purchase Order", hence the procurement of the material. So when he is presented with evidence that the material has been received, he has no choice but to approve the payment of the "Invoice-Voucher" and the "Receiving Report" to enable the vendor to receive his just compensation without unnecessary waiting. The point where the ordonnateur exercises judgment is when he is presented with the "Purchase Order" for approval. Even here he must be able to reach a decision promptly in order that his department can get on with its committed program, if the particular purchase is essential to that purpose. The ordonnateur does not keep books and records. His liquidator does this for him, for the department. Such records are always available to the ordonnateur for furnishing

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him all the information he needs.

Once the necessary documents are in the hands of central accounting, no delay is incurred there. The "Purchase Order" has already been recorded as an acceptable encumbrance (obligation) against the respective department's budget allotment (credit). It only remains for central accounting to quickly complete a systematic pre-audit of the three essential documents.

Cause for delay in the treasury could be due to temporary lack of available funds because of a lag in revenue collections, perhaps, and due to an offset claim in excess of the amount of the voucher, or the delay on the part of the payee to liquidate such claim. As to whether the treasury should engage in short-term borrowing to avoid the delay caused by lack of funds is a matter of Government financial policy which is beyond the scope of this manual.

Therefore, although there will be occasions when, and some transactions on which delay is unavoidable, in the usual course of events the flow of expenditure documents should progress to their final completion smoothly and consistently without hindrance. Thus persons having furnished material and service for the Government's use and benefit will be promptly compensated. Consequently their feeling from having done business with the Government would not be that of disappointment and frustration but rather one of satisfaction and pleasure.

# COMPARATIVE FLOW CHART

## PROCESSING OF BUDGETARY EXPENDITURES

EXHIBIT I

PRESENT PROCEDURE		REQUISITION	BOY DE COMMANDE	DEPENSE ENGAGÉE	VENDOR'S INVOICE	RECEIVING MINUTES	MANDAT	CREDIT NOTICE
1	REQUESTING OFFICE	Ⓢ						
2	CHIEF OF ADMIN. SERVICE	○	Ⓢ					
3	LIQUIDATOR (Book entry made)		○	Ⓢ				
4	DIRECTOR OF OBLIGATION CONTROL		○	○				
5	OBLIGATION CONTROLLER (Book entry made)		○	△				
6	MATERIAL CONTROLLER		△	○				
7	DIRECTOR OF OBLIGATION CONTROL		○	○				
8	LIQUIDATOR		○	○				
9	ORDONNATEUR (Book entry made)		Ⓐ	Ⓐ				
10	LIQUIDATOR		○	○				
11	VENDOR		○		Ⓢ			
12	RECEIVING COMMITTEE					Ⓢ		
13	LIQUIDATOR (Signs INVOICE)		○		△	○	Ⓢ	○
14	DIRECTOR OF OBLIGATION CONTROL		○		○	○	○	
15	OBLIGATION CONTROLLER		○		○	○	○	○
16	MATERIAL CONTROLLER		○		○	○	△	○
17	DIRECTOR OF OBLIGATION CONTROL		○		○	○	○	○
18	LIQUIDATOR		○		○	○	○	○
19	ORDONNATEUR (Book entry made)		○		○	○	Ⓐ	○
20	TREASURY		○		○	○	Ⓢ	Ⓢ
21	ORDONNATEUR						○	
22	VENDOR						○	○
23	VENDOR'S BANK						○	

BANK COLLECTS, CREDITS VENDOR'S BANK ACCOUNT.  
IF VENDOR HAS NO BANK ACCOUNT, CREDIT NOTICE IS NOT PREPARED AND  
TREASURY (STEP 20) SENDS MANDAT TO ORDONNATEUR WHO DELIVERS IT  
TO VENDOR FOR PRESENTATION TO TREASURY FOR PIASTRES.

PROPOSED PROCEDURE		REQUISITION	PURCHASE ORDER	INVOICE-VOUCHER	RECEIVING REPORT	WARRANT OR CHEQUE
1	REQUESTING OFFICE	Ⓢ				
2	PURCHASE OFFICE (Chief of Admin. Service)	○				
3	LIQUIDATOR	⊗				
4	PURCHASE OFFICE	○	Ⓢ			
5	ORDONNATEUR		Ⓐ			
6	CENTRAL ACCOUNTING		△			
7	PURCHASE OFFICE (Chief of Admin. Service)		○			
8	VENDOR		○	Ⓢ		
9	RECEIVING CLERK				Ⓢ	
10	LIQUIDATOR		○	○	○	
11	ORDONNATEUR		○	Ⓐ	Ⓐ	
12	LIQUIDATOR		○	○	○	
13	CENTRAL ACCOUNTING			△	○	○
14	TREASURY			○	○	Ⓢ
15	VENDOR					○
16	CENTRAL ACCOUNTING			⊗		
17	LIQUIDATOR			⊗		

VENDOR DEPOSITS CHEQUE WITH HIS BANK OR TAKES TO BANK AND RECEIVES PIASTRES.

### SYMBOLS

- ORIGINATES OR RECEIVES, MAKES ROUTINE CHECK, PASSES ON OR FILES.
- ⊗ SAME AS ABOVE BUT INCLUDES BOOK ENTRY.
- △ RECEIVES, GIVES SPECIALIZED AUDIT, VISAS, PASSES ON.
- ⊖ SAME AS ABOVE BUT INCLUDES BOOK ENTRY.
- Ⓢ ORIGINATES, SIGNS OR CERTIFIES, PASSES ON.
- Ⓢ RECEIVES, VISAS, PASSES ON.
- Ⓐ RECEIVES, APPROVES, PASSES ON.

EXHIBIT I  
COMPARATIVE FLOW CHART

This flow chart, set up in parallel form, permits a ready pictorial comparison of the present sequence for processing expenditures and disbursements with the proposed simplified sequence. For practical reasons the charted movements in the processing had to be substantially condensed so that the entire improvement gained from the proposed procedure is not fully apparent. It is believed, however, that enough difference is shown to be satisfactorily convincing that the proposed procedure will produce a definite saving in time and personnel effort without sacrificing any essential control. In fact, it is believed that more effective control will be an added advantage of the proposed procedure due to the establishment of a more direct responsibility combined with the proper division of cyclical functions.

The details of the proposed procedure have already been set forth in the foregoing text which is supplemented with further exhibits of forms and their explanation. Requests have been received to include in the manual a brief descriptive summary of the present procedure. This follows:

Requesting Office

There appears to be <sup>no</sup> special form for starting the procurement process. The need of a certain service is expressed by letter, memo, or even verbally, to the chief of materials who operates under the chief of administrative services in the department or in a large

separately-located direction of the department. The chief of materials contacts vendors for quotations or written bids, resorting to posting announcements or publishing a call for bids as the circumstances require (see below). Or the service concerned bypasses the chief of materials, obtains quotations directly, and conducts its own preliminary negotiations. The Bon de Commande (Purchase Order) is then prepared in four copies, either by the chief of materials or by the service concerned, as the case may be. One copy is kept while the other three are sent to the liquidator (accounting service) of the department wherein the service concerned is located.

A Bon de Commande or Purchase Contract is required in accordance with the following:

If Purchase Price is:

Then:

Less than 2,000\$

No Contract, no Bon de Commande is required.

2,000\$ to 60,000\$

No Contract but a Bon de Commande is required.

over 60,000\$

No Bon de Commande is required but a Purchase Contract must be executed with the vendor.

Quotations or sealed bids are required in accordance with the following.

If Purchase Price is;

Then:

5,000\$ or less

No quotations or bids are required.

Over 5,000\$ to 60,000\$

No bids but at least three quotations are required.

Over 60,000\$

No quotations are required but a call for sealed bids must be posted or advertized. (There are 10 exceptions to this requirement, the most commonly used being (1) a case of emergency, and (2) when one vendor has a monopoly).

### Liquidator

When the liquidator receives the three copies of the Bon de Commande (or the Purchase Contract, if required) he prepares three copies of the Depense Engagée (Statement of Obligated Expenditures), and makes an entry in his register of obligated expenditures. The liquidator now sends the three copies of the Bon de Commande and the three copies of the Depense Engagée to the director of obligation control.

### Director of Obligation Control

The director of obligation control receives the Bon de Commandes and Depense Engagées from all the various departments. Receipts are prepared in triplicate of which one is signed and given to the messenger. The other two are filed awaiting return of the documents. When the documents are returned to the liquidator, the messenger signs the two receipts, one of which is given to him while the other is retained on file in obligation control for record proof of delivery. Documents must be returned exactly according to the same batches in which received. Receipts are noted "rejected" beside the particular listing of the document and a copy of the document is retained by the director pending rectification. The director of obligation control scans the Bon de Commandes and Depense Engagées,

with particular reference to any unusual or irregular matter, then passes them on to the obligation controller.

#### Obligation Controller

The obligation controller checks the Depense Engagées against his record and finding them in order, enters them in his register of obligated expenditures. They are then entered in the numerical sequence register and the number thereby assigned is entered on the three copies of each Depense Engagée which are visaed. One of these copies is filed and the other two are passed with the three copies of the Bon de Commande to the material controller.

#### Material Controller

The material controller reviews the Bon de Commande (or Purchase Contract) as to compliance with statutes and decrees (arrêtés), and as to reasonableness of prices. If found in order, all three copies of the Bon de Commande are visaed, one copy is filed and two copies, with the two copies of the Depense Engagée, are passed back to the director of obligation control for return to the liquidator of the department concerned.

If any irregularity is noted, by either the obligation controller or the material controller, he prepares a rejection notice, stating the reason, attaches the documents and passes them back to the director to obtain rectification, or for his authorization for approval if the impropriety is minor, as the director tries to exercise a reasonable attitude in his control.

Liquidator

When the liquidator receives the Depense Engagée and Bon de Commande, he passes the two copies of the latter to the ordonnateur for approval.

Ordonnateur

The ordonnateur reviews the proposed purchase as to need and advisability. If he agrees to the purchase, he makes a record of the purchase in a register, approves both copies of the Bon de Commande, and returns them to the liquidator.

Liquidator

When the liquidator receives the two approved copies of the Bon de Commande, he delivers one copy (not the original) to the vendor. Upon shipment of the order, the vendor delivers three signed copies of his Invoice, two of which are retained by the liquidator. The receiving committee meets with the vendor (stipulated in a Purchase Contract, discretionary with committee for a Bon de Commande).for official receipt of the merchandise. The Receiving Minutes are prepared and all members of the committee sign. One copy of the Minutes is then delivered to the liquidator. The liquidator prepares the Mandat and the List of Documents (attached to the Mandat). He also prepares a Notice of Credit (Credit Notice) if the vendor maintains a bank account. By specific identification the List of Documents will include the Bon de Commande (or Purchase Contract), the Vendor's Invoice, the Receiving Minutes, and Notice of Credit. The liquidator records the Vendor's Invoice in his invoice register. He then visas it, two copies of the Mandat, and sends all the documents to the director of obligation control.

Director of Obligation Control

The director of obligation control has receipts prepared in triplicate as before so as to maintain accountability between himself and the liquidator on the transfer of documents. The director scans the Mandat and accompanying documents, passes them to the obligation controller.

Obligation Controller

The obligation controller compares the amount on the Mandat with the amount shown on his file copy of the respective Depense Engagée. If there is a difference and no Depense Engagée Correction has been submitted, then he prepares a rejection slip, attaches the documents, and passes them to the director for obtaining rectification. If the Mandat agrees with his records, the obligation controller initials the original Mandat (Copy 1) and passes the documents along to the material controller.

Material Controller

The material controller makes a final review of all the documents now in relation to the Mandat for mutual agreement and coordination, as well as for compliance with statutes and decrees. If all are in order, the material controller visas both copies of the Mandat and passes all documents back to the director for transmittal to the liquidator of the department concerned.

Ordonnateur

The liquidator receives the documents from the director of obligation control, passes them to the ordonnateur who reviews them, records the Mandat in his Register of Mandats and assigns a serial

number which is entered on both copies of the Mandat. The ordonnateur approves both copies of the Mandat and sends all documents to the treasurer. This transmittal is made by means of the Daily Summary of Mandats which is prepared in duplicate by the ordonnateur and which also serves as a dual receipt.

Treasurer

The treasurer signs the Notice of Credit if any, visas both copies of the Mandat, retains all documents except Notice of Credit and original of the Mandat which now becomes the Bon de Caisse. If the vendor has no bank account, there is no Notice of Credit, so the Bon de Caisse is sent to the ordonnateur with the two copies of the Daily Summary of Mandats which have been receipted by the treasurer. These two copies are receipted by the ordonnateur who returns one copy to the treasurer and files the other for record. The ordonnateur delivers the Bon de Caisse to the vendor who presents it to the treasury paying office and receives piastres. If the vendor has a bank account, the treasurer issues a cheque to the bank, which credits the vendor's account, and sends the Notice of Credit to the vendor.

The foregoing is a descriptive condensation of the present procedure for budgetary control accounting. Mention was made of a second Depense Engagée being prepared to rectify the estimated.

expenditure reported on the original. This correcting statement is so frequent that a special form is used, the same printing but with a wide red warning stripe. Such adjustments are necessary but making them in two identical separate book records should be adequate without piling duplication upon duplication. The point is that the *Depense Engagée* is a superfluous document and should be eliminated altogether.

Now in case of error in a charge (incorrect imputation) the liquidator prepares a Certificate of Rectification of Imputation, to which is attached a *Depense Engagée*. This must be visaed by the obligation controller and approved by the ordonnateur after due consideration. Under proposed procedures, should an expenditure be charged against a wrong account number, correction would be made by the liquidator issuing a journal voucher for posting to his budgetary control register, and sending a copy to central accounting for the same purpose. They would agree beforehand through telephone conversation as to the propriety of the adjustment. The ordonnateur would not be interested because he assumed that the charge was correctly made in the first place. He cannot be familiar with all accounting details so must rely upon his liquidator to keep such matters straight.

The Statement of Unliquidated Invoices of Prior Years now issued twice a year by the ordonnateur should be eliminated also. It is not good practice to carry over the payment of expenditures in one fiscal year to be paid for out of a later year's revenue with

no appropriation provided other than perhaps a miscellaneous catch-all. The way to eliminate such a statement is to discontinue the need for it. The best way to do this is to enact a statute, or to issue a decree (arrêté), to the effect that all obligations (invoices bills, etc.) not paid within 60 days after the last day of the fiscal year would be paid for only out of the next year's appropriation (budget credit) and then only if provided for in such next year's appropriation. This measure will permit a more prompt closing of the books, a more timely issuance of statements. There are now entirely too many extensions of too long a duration for satisfactory closing and statement preparation. These extensions are unnecessary, and create extra burdens which interfere with the efficient execution of current work. Cancelling all appropriations (budget credits) 60 days after the close of the fiscal year, and charging all subsequent payments to the current year's appropriations, will prove a tremendous stimulus on liquidators and ordonnateurs for getting their work completed on time. It has been found that responsible personnel will exert much effort to prevent appropriations from lapsing under such circumstances.

In the case of projects that last for more than 12 months, possibly several years, such as extensive construction projects, and it is the intention to carry over the unused appropriation into the succeeding year, the National Committee on Governmental Accounting<sup>1/</sup> recommends the use of a special account entitled:

<sup>1/</sup> See A Standard Classification of Municipal Accounts, National Committee on Governmental Accounting, Chicago, Municipal Finance Officers Association of the United States and Canada, 1953, p.32.

Reserve for Encumbrances-Prior Years. By setting up such an account the appropriation balance is segregated from Unappropriated Surplus and is therefore unavailable for current budget purposes. When expenditures are made to these projects, debits are entered in the special account: Expenditures Chargeable Against Reserve for Encumbrances (Debit). If more than one project is involved, each project (by identifying number) could have its specific pair of accounts, either in the ledger or in a subsidiary record.

There are other records and statements that can be done away with, such as the Liquidator's Statement of Employee's Reimbursable Expenses. This statement is eliminated quite simply by having the employee submit his reimbursable expenses on an "Employee Expense Voucher" which can be certified to by both the subject employee and the liquidator before the ordonnateur approves. In other words, the liquidator's statement and the employee's statement become one and the same.

Certainly there is no need for the ordonnateur to keep books, registers, journals, etc. These should all be done away with, as stated elsewhere. Such records do not provide control but bog down an important official in a morass of detail. It should be the duty of the liquidator to maintain all accounting records for the department. His work in turn would be checked by the records in central accounting. The liquidator would report, and be accountable, to the ordonnateur or department head, and would operate under his general supervision. His work should undergo a post-audit once a

year. The ordonnateur would no longer exercise the same documentary interchange with the treasurer. This interchange would be taken over by central accounting as shown on the chart. Once the warrant or cheque is written there should be as little intermediate handling as possible between that point and the payee.



## EXHIBIT II

## FORM No. A-1 BUDGETARY CONTROL REGISTER SHEET

Exhibit II, Form A-1, is the Budgetary Control Register sheet for a hand-posting operation. It is specially designed and recommended for use by the National Government of Viet-Nam. It should be printed on a good grade of ledger stock paper both front and back, and punched at the left-hand side to fit a standard loose-leaf post binder. Columns 1,2,4,5,6,8,9, and 10 are money columns so should be printed with vertical digit separation lines. Two post binders with an adequate quantity of these sheets should be supplied to the liquidator of each department. Two binders are recommended due to the overlapping of transactions at the year-end. The second binder will actually not be needed until January 1, 1959, but it should be delivered prior to that date so that preparation of the register can be completed and ready for use on January 1, 1959. Toward the end of 1959, the sheets for 1958 can be removed, tied and filed away until they are no longer referred to and the post-audit has been completed. This removal will make the binder available for the 1960 sheets. Thus alternating, the two binders would suffice until they wore out from use.

The use of the form has been briefly outlined but a fuller explanation might prove helpful. The heading of the sheet can be hand-printed or typed in before the start of the year. The account name and account number would identify it as to department, direction, etc. The fiscal year would be the same as the budget. Page number would be one (1) until the first page was filled with entries when

page (2) would be started on the back side as a continuation sheet. Do not use the back of a page for a different account unless it is known beyond any possible doubt that the account on the face will not require but the one page. For the first year it is better to play safe, because a troublesome situation will develop if it is discovered that a continuation page is needed after the back has been used for a different account,

Enter the year of posting in the block immediately under "DATE" in the date column, then the month and day of the month or vice versa. The former is preferred for posting since the name or number of the month has to be entered but once when it changes. Name or description means a brief identification of the nature of the entry.

The first entries should be for the amount of the appropriation (entered in column 1) and the amount of the first allotment (entered in col. 2 and column 10). If the appropriation is delayed, the budget direction still should authorize some allotment for a limited period against which obligations could be encumbered and expenditures made pending budget authorization.

When the liquidator receives copy 2 of the first "Purchase Requisition" for the year, he enters the date of it on the next open line, a brief statement of what it is for, such as "office supplies", "desk", "typewriter", etc., the requisition number in column 3, the total estimated cost in column 4, the same amount in column 6 which at that point would be the encumbered balance.

In column 10 a new balance is brought down by subtracting the amount of the requisition (the encumbrance increase) from the previous unencumbered balance of allotment, which in this case was the total allotment entered in the beginning.

Assume that the total estimated cost of the requisition was 1,200\$, but when the liquidator received his copy of the "Purchase Order" he saw the total was 1,100\$, requiring a rectification of his former entry. He now enters the date of the "Purchase Order", the same description as before, the purchase order number in column 3, 1,100\$ in column 4, 1,200\$ in column 5, (these last two could be a net of 100\$ in column 5), the adjusted balance (in this case 1,100\$) in column 6, and increases the unencumbered balance of allotment by 100\$. This rectifying entry cancels out the 1,200\$ formerly entered in column 4 and replaces it with the 1,100\$ per "Purchase Order" which takes precedence over the requisition as to amount. It also adjusts the balances in column 6 and column 10.

When the liquidator receives copy 4 of the "Invoice-Voucher" showing payment of this same "Purchase Order", he makes an entry on the next open line: date of the "Invoice-Voucher", a brief description of the object, the voucher number in column 7, the amount of the voucher in column 8, the amount of the encumbrance (requisition or "Purchase Order") in column 5 with a corresponding adjustment made in column 6. Total expenditures are accumulated in column 9 both monthly and year to date. At any time, column 2 (allotments are accumulated also) minus column 6 and column 9, must equal column 10.

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11 1

At this point the Encumbrances columns would appear as follows:

ENCUMBRANCES				
	3	4	5	6
	Req. No.			
<u>Line</u>	<u>Order No.</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
2.	R -1	1,200		1,200
3.	P.O. 78	1,100	1,200	1,100
4.			1,100	-0-

The reference to the last entry would be the voucher number entered in column 7 as shown below. The Expenditure and Allotment Balance columns would appear as follows:

EXPENDITURE				
	7	8	9	10
	Voucher			Unencumbered
<u>Line</u>	<u>Number</u>	<u>Amount</u>	<u>Total</u>	<u>Balance of</u>
				<u>Allotment</u>
1.				25,000
2.				23,800
3.				23,900
4.	Vo. 52	1,100	1,100	23,900

Should the amount actually paid in settlement or liquidation of the "Invoice-Voucher" be less than the amount of the "Purchase Order", due to cash discount or trade-in allowance, for example, then this lesser amount will be entered in column 8, reflected in column 9, and column 10 adjusted therefore. The entry in column 5 will not be affected because regardless of the amount paid the full amount of the encumbrance related thereto must be liquidated.

The operating principle of the form is simple. Obligations

in various stages of processing are posted and carried as "encumbrances" with a corresponding reduction in the allotment balance or budget credit. As the obligations become more accurate, by <sup>information as to</sup> definite/increases or decreases, adjustments are made in the encumbrance balance and in the allotment balance. The allotment balance is reduced by both encumbrances and expenditures but only to the extent that they pertain to different items. That is, charges against (reductions of) the allotment balance proceed by stages from encumbrance to expenditure, the former being liquidated (eliminated) in favor of the latter.

Central accounting would proceed exactly as the liquidators but without maintaining as fine a break-down as earlier stated. Likewise central accounting would not encumber requisitions, only "Purchase Orders". Due to the volume they would need more binders. Although binders are expandable by adding more posts, efficiency of the ~~book~~ bookkeeping function tends to decrease as the thickness of the book increases beyond a certain point. The pages in each book should not be stacked more than two or three inches thick.

For comparison, a copy of the "Budgetary Control" register sheet used by the State of Michigan is included as Exhibit III. After further careful consideration it was concluded that this form could be advantageously revised for use in Viet-Nam. In the interest of simplification the double set of encumbrance columns were reduced to one set because it is believed that the double columns would only tend to confuse.

Exhibit IV is a type of form in general use in American municipal and state governments and is given as a standard example in Mikesell's textbook on Governmental Accounting, Homewood, Illinois, Richard D. Irwin, Inc., 1956 edition. Here it is referred to as an "Appropriation and Expenditure Ledger" which indicates the variety of titles such a record can have. It is believed that Exhibit II combines the most desirable features found in Exhibits III and IV.

The operation of this type of form lends itself quite handily to mechanical bookkeeping. Instead of a sheet, a heavy card form is used with the layout adapted to the specific capacity and accessories of the particular type of machine as there are varieties that will adequately do the job. It is believed that the volume in any one department is now insufficient to justify such a machine, but central accounting could likely use one advantageously for this type of work.

Due to the fact that reference is continually made to the budgetary control register figures, not only from day to day but even throughout the day, the keeping of this particular control does not conveniently lend itself to punched-card or electronic data processing unless supplementary provision is made for ready reference to the constantly changing allotment (budget credit) balances. Should means of continuing reference be provided, then these high-speed, high-volume accounting machines can serve adequately in the computation and printing of periodic reports. Pertinent figures for appropriations, allotments encumbrances, and expenditures can be

punched on cards along with the budget account classification codes. These cards would then be sorted or collated with previous balance cards and the resulting card arrangement tabulated into the necessary reports showing the desired information analyzed even to the extent of individual object codes.



## EXHIBIT III

BUDGETARY CONTROL FORM, STATE OF MICHIGAN

Exhibit III is a facsimile of the "Budgetary Control" register sheet now in use by various departments in the State of Michigan. This is included merely for illustrative and comparative purposes since reference has been made to it verbally and in the text of this manual.

The only unusual feature in this form is the double set of columns for recording encumbrances so that procurement documents issued by the department are encumbered and liquidated separately from those issued by central purchasing. This refinement is not essential and it is believed better to omit it at this particular time.

Actual overall size of this page is 43.3cm by 27.7cm. The binding edge of 4.5cm is double-punched to fit two different types of postbinders. The paper is an excellent grade of hard-surfaced ledger stock of 50% rag content providing desirable durability to withstand constant handling.

EXHIBIT IV

# APPROPRIATION AND EXPENDITURE LEDGER

CODE NO. : 0605-03

FUND : GENERAL

FUNCTION : GENERAL GOVERNMENT

DEPARTMENT . LAW

ACTIVITY : CRIMINAL INVESTIGATION

OBJECT CLASS : COMMODITIES

CHARACTER : CURRENT EXPENSES

YEAR:

Month and Day	EXPLANATION	ENCUMBRANCES				EXPENDITURES			APPROPRIATIONS	
		ORDER OR CONTRACT NO.	INCREASE	DECREASE	BALANCE	VOUCHER NO.	AMOUNT	TOTAL	AMOUNT	UNENCUMB- BERED BALANCE
Jan. 2	Budget								\$ 4,000	\$ 4,000
7	Stationery	25	\$ 30		\$ 30					3,970
25	Chemicals	74	55		85					3,915
29	Stationery	25		\$ 30	55	165	\$ 28	\$ 28		3,917
Feb. 8	Wax recording cylinders	105	20		75					3,897
<hr/>										
Dec.12	Typewriter supplies	804		12	0	3412	13	3,720		280
28	Transfer								(200)	80

## EXHIBIT IV

APPROPRIATION AND EXPENDITURE LEDGER

This is a hypothetical example of a budgetary control register form as presented in R.M. Mikesell's "Governmental Accounting", revised edition 1956, Richard D. Irwin, Inc., Homewood, Illinois, U.S.A. Here the form is referred to as "Appropriation and Expenditure Ledger", which means the same thing.

The two year-end closing entries in the text-book have been omitted from the manual exhibit, however, because they are considered irrelevant and would probably be confusing at this time. They will be discussed under "Receipt and Expenditure Accounting" planned as a second part to this manual, wherein the operation of the double-entry general ledger will be explained.



## EXHIBIT V

FORM No. A-2 PURCHASE REQUISITION

It is good practice to identify each form with a form number for purposes of convenient reference and control. This number should be printed on the form, preferably always in the same position such as the upper left-hand corner, together with the quantity and date (month and year in figures) of the last printing. As Exhibit II was referred to as Form A-1, so Exhibit V is referred to as Form A-2. Exhibit I is a chart while Exhibits III and IV, though forms, are not intended for processing purposes but simply as illustrations. The "A" in the number is a departmental symbol. Each department would have a different letter or other identifying symbol. The "A" stands for administrative. Possibly "P" for Presidency would be preferred; it is immaterial.

The "Purchase Requisition", Form A-2, would replace verbal orders, letters, informal memos, and is designed to efficiently start the exercise of procurement. In the hands of the purchasing office it becomes a practical working sheet for expediting the procurement process. The certificate signed by the authorized agent (issuing office) puts the justification and the necessity for budgetary compliance squarely upon him thus developing a sense of responsibility in such personnel.

Form A-2 would be printed in sets of three copies, an original, duplicate, triplicate, each on different color paper. The matter of color deserves some thought. Two broad choices immediately come to mind. Should colors be associated with particular distributees,

such as, vendor white, treasury yellow, purchasing pink, and so on, for all forms? This policy would tend to flag a wrongly directed or filed copy. On the other/<sup>hand</sup>with different colors an office could quickly spot a missing document from a set. For example, if the liquidator to complete his file should have a yellow requisition, a blue purchase order, a pink voucher, and a salmon voucher, he could tell at a glance which document he lacked. The advantages of different colors where multiple copy documents are used becomes apparent.

For certain other forms it will be recommended that snap-out, one-time carbon be used. It is not recommended for Form A-2. Though handy, it is still no great inconvenience for an employee to slip in two pieces of carbon in a three-part form, especially since the same employee would hardly be doing this with sustained frequency.

THE REPUBLIC OF VIETNAM

PURCHASE ORDER

NAME OF DEPARTMENT

NAME OF SERVICE

NAME OF BUYER

P.O. DATE

REQ. NO. AND DATE

ACCOUNT NAME

ACCOUNT NUMBER

PURCHASE ORDER NUMBER

INSTRUCTIONS TO VENDOR

To

1. Vendor must present invoice on standard invoice forms furnished here with in accordance with instructions on that form .
2. Purchase order number must be noted on each invoice-voucher, on all packages and shipping tags and in correspondence pertaining to order .
3. Submit separate Invoice-Voucher for each Purchase Order promptly upon shipment .
4. Packing list must be included with each shipment .
5. This order represents acceptance of your quotation or written bid and constitutes the contract between us .
6. Vendor must sign Copy 2 and return at once .

SHIP TO

P.O. ADDRESS

FRT. ADDRESS

SHIP VIA

DISCOUNT OF \_\_\_\_\_ %  
ALLOWED IF PAID BEFORE  
DATE \_\_\_\_\_ 19 \_\_\_\_

F. O. B.

SHIP WITHIN \_\_\_\_\_ DAYS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT	OBSERVATIONS

BUDGET CERTIFICATION

APPROVED

ACCEPTED, Date \_\_\_\_\_ 19 \_\_\_\_

1. VENDOR

4. CENTRAL ACCOUNTING

CENTRAL ACCOUNTING

ORDONNATOR

VENDOR

2. PURCHASE OFFICE

5. ISSUING OFFICE

3. LIQUIDATOR

6. PURCHASE OFFICE ①

## EXHIBIT VI

FORM No. A-3 PURCHASE ORDER

Form A-3 has been designed in the thought that purchase contracts could be eliminated, the "Purchase Order" itself constituting the contract between the Government and the vendor with quotations and written bids included by reference. To emphasize this principle, provision has been made for two copies to go to the vendor, Copy 2 to be signed by him and returned as formal evidence that he has accepted the order. This step is not necessary (it is not used by the State of Michigan) when the "Purchase Order" states that it is the acceptance of a written bid and constitutes a contract. There could be some legal differences, however, particularly in such widely separated jurisdictions, consequently as a safety measure the acceptance copy has been provided. The name of the buyer (purchasing agent or chief of materials) will be typed in the first upper block as the person to be contacted in case the vendor has any questions about the order. The buyer will clear the question with the ordonnateur if of sufficient importance to require his attention. Special spaces have been included for the ordonnateur's approval for top management as well as budget certification by central accounting. An "Invoice-Voucher" (set of 6 copies) is to be sent to the vendor, with Copies 1 and 2 of the "Purchase Order", as indicated in Instruction 1 of Form A-3.

As for special terms and conditions, if and when necessary, they could be attached to Copies 1 and 2 of the "Purchase Order" and made a part thereof by specific reference. Such special terms

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(not specifications, drawings, photostats, blue prints, etc.) should be held to a minimum and eliminated as often as possible. It is believed that special terms and conditions can be eliminated in all cases by requiring that prices and bids be submitted on a standard form on which all terms and conditions are printed. Instruction 5 of the "Purchase Order" then makes the written offer, including the terms and conditions, a part of the purchase contract. Written bids should be required only when the amount of the order exceeds a certain sum as at present, such as, 2,000\$ or even 3,500\$, and for these small amounts no special terms or conditions need be included.

Although discussed under the comments for Exhibit I, perhaps it should also be pointed out here that the "Dépense engagée" is to be discontinued entirely, both as a separate document and as a part of the "Purchase Order" (Bon de Commande). Such a report accompanying every expenditure is unnecessary, burdensome work. Testimony not only from central accounting but also from his own liquidator should carry sufficient conviction to the ordonnateur that the expenditure is proper according to the budget. The ordonnateur will be supplied a report every month on the status of his various accounts. Interim figures as to any account can be furnished him readily on request to his liquidator from the up-to-date budgetary control register. This plan will relieve the ordonnateur of much petty detail and his exassive concern therewith.

THE REPUBLIC  
OF VIET-NAM

INVOICE VOUCHER

VOUCHER No. \_\_\_\_\_

<p>1- Treasurer (Cent. Acctg) 2- Central Accounting 3- Vendor 4- Liquidator 5- Liquidator 6- Vendor</p> <p><b>INSTRUCTIONS TO VENDOR</b>  <b>A. Submit a separate invoice for each purchase order.</b>  <b>B. Prepare six copies of this standard form, on date of shipment, using ink or typewriter.</b>  <b>C. Vendor will not fill in Cash Discount or Net Total.</b>  <b>D. Retain sixth copy and send other five to Central Accounting, Saigon.</b></p>	<p><b>MUST BE FILLED IN BY VENDOR</b></p> <p>1. _____                  DEPARTMENT TO WHICH DELIVERED _____</p> <p>2. _____                  LOCATION TO WHICH DELIVERED _____</p> <p>3. _____                  NAME AND ADDRESS OF VENDOR _____                  VENDOR'S CERTIFICATION                  I hereby certify that the items listed below are proper charges against The Republic of Viet-Nam.                  VENDOR _____                  By _____                  (Vendor Must Sign in Ink)</p>	<p>4. Vendor Leave Blank                  Cheque No. _____                  Cheque Date _____</p> <p>5. Vendor Must Fill In                  P. O. No. _____                  Account No. _____</p> <p>(Copy above from Purchase Order)                  Vendor's Invoice No. _____                  Invoice Date _____                  Discount of _____ % if paid before _____ 19____                  Shipping Point _____                  Routing _____</p>
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<p>6. <span style="border: 1px solid black; padding: 2px;">VENDOR LEAVE BLANK</span></p> <p>Visaed for payment: _____</p> <p>Approved for payment: _____ LIQUIDATOR</p> <p>_____ ORDONNATEUR</p>	COMPT	CHECKED	AUDITED	OBJECT CODE	AMOUNT	OBJECT CODE	AMOUNT	
TOTAL								

7. GIVE COMPLETE DESCRIPTION OF ARTICLES OR SERVICE RENDERED	8. QUANTITY	9. UNIT	10. UNIT PRICE	11. AMOUNT	12. LEAVE BLANK

<p>When referring to this Invoice, mention purchase Order and account numbers shown above</p>	<p>13. GROSS TOTAL _____</p> <p>14. CASH DISCOUNT _____</p> <p>15. TOTAL AFTER DISCOUNT _____</p> <p>16. DEDUCTIBLE CLAIM _____</p> <p>17. NET TO PAY _____</p>	<p>ACCOUNT NO. _____</p>
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## EXHIBIT VII

FORM No. A-4 INVOICE-VOUCHER

The "Invoice-Voucher" should be printed on 8 $\frac{1}{2}$ " X 11" good grade of light-weight paper with each copy in the set of six a different color. Since a set of six copies is sent to the vendor with each purchase order it is believed that the interfold, one-time carbon would be impractical. It is not definitely rejected, however, and might prove to be a bigger time-saver than otherwise in assuring a prompt return of five legible copies properly filled in.

Again bowing to precedence, provision has been made for signatures of both the liquidator and the ordonnateur (section 6) in addition to the vendor's certification, of course. By way of contrast it might be of interest to know that a similar form used by the State of Michigan required only the signature of the department head or his authorized agent, the authorized agent usually being a budgetary accountant who in Viet-Nam would be an accountant supervised by the liquidator. This is based on the principle that the department head is entrusted with the responsibility of maintaining an organization on which he can confidently rely to operate efficiently. The accounting service is a part of his organization, and is subject to his general supervision and direction. The proper checks and balances referred to herein make for a smooth and accurate accounting process for all expenditures affecting his administration. In other words, the department head knows that through the chain of responsibility, errors and irregularities are being safeguarded against, that anyone

who might be inclined toward a careless or dishonest intent is deterred by the competitive spirit as well as awareness that any irregularity will quickly come to light through the system of checks and balances executed by his honest colleagues.

The vendor fills in the standard "Invoice-Voucher" form, using ink or typewriter. With ink, carbon copies are not practical unless a ball-point pen is used, another reason against the pre-carboned forms. The vendor fills in the name of the department and place to which material was delivered or service rendered, in place 1, his name and address in space 2, his company name followed by the certification signature in space 3. The vendor leaves space 4 blank. For space 5 the vendor fills in the purchase order number and the account number exactly as they appear on the "Purchase Order". If he issues his own invoice (not necessary) the next two lines are for its number and date. The shipping information, if applicable, is added. In columns 7, 8, 9, 10, and 11 the vendor fills in the appropriate billing information with the gross total of the invoice in space 13 and there he stops.

Space 4 is filled in by either central accounting or treasury depending upon the particular alternative adopted, as described under DISBURSEMENTS. The boxes: "compt", "checked", and "audited" are for the initials of the employees in central accounting who perform the pre-audit functions. The object codes are, of course, filled in by the liquidator with the respective amount for each object code. The total should agree with the amount in space 15,

the total amount vouchered in so far as the department is concerned,

Should the liquidator make his object code distribution before the voucher is paid, he must base it on the gross total. If upon receiving his copy 4 he learns that a cash discount was taken, he will have to adjust the amounts of his object codes so the total of them will equal the total after discount. This troublesome adjustment can be avoided by deferring the object code distribution, and hence the posting by object codes, until receipt of his no. 4 copy of the voucher.

Line 16 is for use whenever an offsetting claim has to be deducted from the amount due vendor, the claimant being a third party as well as the Government. The special procedure and special supplementary form has already been discussed under DISBURSEMENTS. Line 16 and 17 will not be necessary, however, if the simplified alternative is adopted of notifying the vendor to pay the claim to the treasury for transmittal to the claimant in order that the voucher in his favor can be paid in full. Payment of the voucher would simply be withheld until the vendor complied with the order to pay the claim filed against his account.

The provision for entering the account numbers opposite the amounts on lines 15, 16, and 17 may sometimes prove beneficial. The account number to be entered on line 15 would be the same as shown in space 5 so there is no need to repeat it. The account number on line 16 would be that for "accounts payable", "claims payable", or something similar. The account for line 17 would be the usual contra account for all vouchers, such as "vouchers payable", which would

be automatic and need no specific recording.. If there is no claim deduction, a dash ( — ) should be shown in the amount column of line 16 and the total brought down. The same applies to line 14 in case of no cash discount. If there is no discount, no claim deduction, dashes should be inserted for lines 14, 15, and 16 and the amount on line 13 brought down to line 17 so the net amount to be paid always appears on line 17 to allay the suspicion that some figure might have been omitted.

THE REPUBLIC OF VIETNAM

RECEIVING REPORT

- 1. Treasurer (Cent Acctg)
- 2. Central Accounting
- 3. Purchasing Office
- 4. Liquidator

INSTRUCTIONS

A. This report must be prepared by the department immediately upon receipt of the material.  
 B. Retain Copy 4 for departmental use. Forward Copy 3 to Purchasing Office, Copies 1 and 2 to Central Accounting.  
 C. When delivery is by common carrier, freight bill must be submitted to Liquidator at once for rate verification, and for vouchering it on a collect basis.

1. _____ OF _____ NAME OF DEPARTMENT Received From _____ Vendor's Name _____ Vendor's Address _____ Delivered By _____ Vendor, mail, express or name of carrier Received At _____ Date Received _____ F. O. B. _____ Point of Shipmen <sup>t</sup> _____ Buyer _____	2. Receiving Report No. _____ Date _____ PURCHASE ORDER NUMBER _____ ACCOUNT NUMBER _____ ACCOUNT NAME _____ CHECK ONE <input type="checkbox"/> PART OF ORDER <input type="checkbox"/> COMPLETE OR FINAL DELIVERY OF ORDER 3. FREIGHT COLLECT \$ _____ FREIGHT BILL NO. _____ PREPAID \$ _____
--	---

4. Payment of vouchers covering the items listed below is hereby approved

ORDONNATEUR

5. I hereby certify that I have received the articles listed below, that I have carefully inspected weighed, counted or measured the commodities and found them to comply with the specifications given; that the services were satisfactory and the commodities in good condition except as I have noted below.

STOREKEEPER OR RECEIVING CLERK

6. Description of items ACTUALLY RECEIVED	7. QUANTITY ACCEPTED	8. UNIT	9.

10. REPORT BELOW: Rejections, substitutions, overages, shortages, damages, delivery performance. QUALITY:  FAIR  GOOD

## EXHIBIT VIII

FORM No. A-5 RECEIVING REPORT

The "Receiving Report" should be printed in sets of four copies, each of a different color, in an 8<sup>1</sup>/<sub>2</sub>" X 11" size, on a good grade of light-weight paper. This form would work very well made up with one-time carbon.

It is recommended that the report be typed from the packing list and the tally-sheet of the storekeeper or receiving clerk rather than be made up directly in 'longhand. Besides requiring the receiving clerk's certification, copy 1 is approved by the ordonnateur also. The liquidator will maintain a serial number register for assigning consecutive numbers to "Receiving Reports". This is considered more dependable than trying to pick up the next serial number from the immediately preceding "Receiving Report".



## EXHIBIT IX

FORM No. A-6 IMPREST CASH VOUCHER

This form should be printed on a good quality light-weight paper, size 8<sup>1</sup>/<sub>2</sub>" "X11", in white and four other colors to make five copies to each set. There is no need to have these sets inter-leaved with one-time carbon as the form will not be prepared in volume by any one imprest cash (caisse de régie) custodian. Different factors determine or prompt the preparation and submission of an Imprest Cash Voucher such as:

1. Time - A voucher should be prepared at least monthly even though no cash payments have been made. In that case the word "NONE" would be written in column 7 and on line 14.
2. Number of Payments - If enough receipts have been issued to fill a voucher, then one should be prepared and submitted even though the amounts are so small that the imprest cash fund has been only slightly depleted.
3. Depletion of Fund - If the fund has been sufficiently depleted, regardless of the time elapsed and regardless of the number of receipts issued, a voucher should be prepared and submitted.

An imprest cash fund operates as a revolving fund. The amount of the fund is fixed by verbal agreement between the office or institution which is to operate the fund and the liquidator, with the approval of the ordonnateur and consent of central accounting. Some flexibility is needed in this respect so that the amount of the fund can be increased or decreased as circumstances change. It is the duty of the office in need and the liquidator to convince the other two as to

the amount required. A reasonable attitude must be maintained by all concerned in order that the size of the fund will in no way jeopardize budgetary control and will constitute only a minor fraction of the total allotments for the particular office or institution. Factors to be considered include:

1. The size and activity of the particular office or institution.
2. The special nature of the operations of the office or institution.
3. The practical economy and customs of the local environment.
4. The delay in obtaining reimbursement or replenishment of the fund.
5. The intent of the budget appropriation, ~~and the size and the nature~~ of the allotments, to the particular office or institution.

A fixed maximum of any one payment should be established by central accounting regulation of, say, 500 piastres. Any single payment in excess of 500\$ must be processed on an Invoice-Voucher unless specific exception authority is obtained from central accounting due to special circumstances.

Assume it has been agreed to give office A an imprest cash fund of 10,000 piastres. The first step is for the liquidator to initiate an Imprest Cash Voucher in the amount of 10,000\$. On line 1 the name of the department is written and, immediately below, the name of the office or institution (service). The custodian's name is typed or printed just above the department name. Line 2 is reserved for central accounting pre-audit as described for the Invoice-Voucher. Voucher No. means the central accounting voucher number. Space 3 is filled in

by either central accounting or treasury. The liquidator fills in space 4, the account No. being the one for imprest cash funds designating department, division, etc. by code. For period covered "initiation of fund" would be written in. Date submitted means date prepared. There will be no entry in space 5. Write month and day in column 6, name of custodian in Col. 7, "initiation of fund" in Col. 8. Leave columns 9, 10, and 12 blank. Write 10,000\$ in Col. 11 and on lines 13 and 17. Put a dash (-) for lines 14, 15, and 16. The custodian signs in space 18 and returns to the liquidator who visas and obtains approval of the ordonnateur. The liquidator can present his arguments for the need at this time or, in order to save a little preliminary work in view of the ordonnateur's possible rejection, he could have discussed it with him prior to preparing the Imprest Cash Voucher. As a practical matter, the office chief could have obtained the ordonnateur's approval and the latter requested the liquidator to prepare the Imprest Cash Voucher to establish the fund.

The Imprest Cash Voucher is forwarded to central accounting which pre-audits and sends to treasury for issuance of cheque or warrant for delivery to the custodian. The custodian obtains the piastres and puts them in a protected location such as a safe or locked file.

Each time the custodian pays out any money a receipt is prepared in duplicate (see Exhibit X) and the payee's signature obtained on the original. The original is placed in safe-keeping with the remaining piastres, the duplicate receipt is given to the payee.

When a month has gone by, or enough receipts have been written to fill a voucher, or the fund is becoming depleted, an Imprest Cash Voucher is prepared by the custodian for reimbursement of the fund. The receipts are listed in columns 6, 7, 8, 9, 10, and 11, the total amount of payments brought down on line 13. The amount of cash left on hand (by actual count) is entered on line 16. Then lines 13 and 16 must add up to the 10,000\$ entered on line 17. The custodian signs on line 18, keeps the fifth copy and sends the other four, with the original receipts attached, to the liquidator who processes as before, although now he must summarize by object codes in space 5 and make entries in his budgetary control register. He should do this before copy 3 is returned to him because he has not been able to encumber this obligation heretofore and there is no possibility of discount as in the case of the Invoice-Voucher. It is important to record obligation encumbrances as soon as possible.

Should the imprest cash fund (revolving fund) have been an appropriated item, then the 10,000\$ establishing the fund would have been recorded in the budgetary control register. It has been assumed that central accounting was appropriated a lump sum for establishing imprest cash funds where necessary. The original amount of the fund is rather in the nature of a loan, the actual expenditures occurring when payments are made out of the fund. The fund must always be accounted for in full, by cash, by receipts, by uncashed vouchers, by vouchers in transit, or by some combination of these. On later Imprest

Cash Vouchers, lines 14 and 15 will probably come into use, line 14 when vouchers are in process but reimbursement has not yet been received, line 15 when payments are made as the voucher is in preparation and cannot conveniently be included, etc.

FORM A-7 10M 1-58

THE REPUBLIC  
OF VIET-NAM

# IMPREST CASH RECEIPT

1. Receipt Number \_\_\_\_\_

2. Date \_\_\_\_\_

3. Received of \_\_\_\_\_  
(Name of Department and Service)

4. \_\_\_\_\_ Piastres \$ \_\_\_\_\_

5. From Imprest Cash Funds For: \_\_\_\_\_

(Complete explanation must be given above)

6. Visaed \_\_\_\_\_ 8. Vendor \_\_\_\_\_

7. Title \_\_\_\_\_ Chief of Service 9. By \_\_\_\_\_  
(Signature of person receiving piastres)

## EXHIBIT X.

FORM No. A-7 IMPREST CASH RECEIPT

This is a companion form to Form A-6 shown as Exhibit IX. This form should measure about 7.2" X 3.6" in accordance with the model. Although the form is to be prepared in duplicate, different colors are not necessary. Both the original and the carbon can be on white paper, the carbon copy being furnished to the payee. There are several reasons for furnishing the payee with a copy of the receipt, one being its potential value in the post-audit process.

The item numbers are included for ready reference. Item 1 is for the serial number assigned by each custodian who should number every **one** of his receipts in consecutive order from 1 up. Item 2 is the date the receipt is written. Item 3, as self-explained, is for the name of the department and service. For this insert a rubber-stamp, which could be used for many other purposes in the office, would prove handy. A supply of the receipt forms could be stamped in advance at one time. Item 4 provides for writing out the amount as well as showing it in figures as:

4. One Hundred eighty-five and 50/100 ---PIASTRES 185~~50~~.

Item 5 is for a complete description or explanation of what the payment was for. Item 6 is for the visa of a responsible employee other than the custodian with the employee's title or function written as item 7. Item 8 is for the name of the vendor with the signature of the officer or agent actually receiving the money as

item 9. Every imprest cash receipt must be signed by the person who receives the money.

Each receipt is listed on the Imprest Cash Voucher, Form A-6, as described in the text for Exhibit IX. The originals (first copies) of the receipts must be attached to the voucher when it is submitted for reimbursement. After sound post-audit procedures are established, it might be desirable to discontinue attaching the receipts as discussed further in Section F.

The economy to be achieved through the judicious use of the imprest cash fund in paying small bills should not be overlooked. No matter how simply it is done, processing vouchers (or Mandats) is a costly process. Certain safeguards, however, must be enforced to prevent abuse, consequently these instructions must be carefully followed. Any custodian making a single payment from the imprest cash fund greater than the maximum designated by central accounting (see text for Exhibit IX) will be reimbursed only for the maximum allowed and he will be required to pay the difference personally out of his own pocket as a penalty for ignoring the regulation. Special exceptions, as to larger payments permitted, will be designated in writing by central accounting for a particular fund as circumstances justify.



## EXHIBIT XI

FORM No. A-8 EMPLOYEE EXPENSE VOUCHER

Instead of a special voucher limited to travel expense, it was decided that a form of broader coverage would be more practical for the Republic of Viet-Nam, hence the Employee Expense Voucher that covers all expenses reimbursable to an employee, not just travel expenses alone.

This form should be printed on 8 $\frac{1}{2}$ " X 11" good quality, light-weight paper, preferably a different color for each of the five copies. It is believed that, since the employee is required to prepare the form, interleaved one-time carbon will produce more satisfactory results.

Although it is readily apparent, it might be advisable to point out the advantages gained in using standard pre-printed forms rather than plain paper or the creditor's form.

1. The desired number of copies are always prepared and available, no more and no less.
2. The information needed is uniformly provided for enabling each creditor each time to present his claim in a complete and satisfactory manner.
3. It simplifies the preparation of the claim form and therefore will accelerate its presentation.
4. It simplifies the processing of the document by Government employees since the necessary information is called for in specific places on the form so that any omission is readily apparent without having to search for it.

Consequently, though the cost of furnishing the standard forms is an added Government expense, this expense is more than offset through increased efficiency (man-hours saved) in processing and in other ways.

On Form A-8, the names of the department and service are written in space 1. The name and mailing address of the employee are either typed or printed in space 2. This is for the purpose of delivering the cheque. Employees in Saigon should show their working address so their cheques can be sent to their office for delivery. The title or function of the employee is written in space 3. Space 4 is for the employee's official work station, space 5 for his home address. These facts are frequently essential in determining what expenses, if any, are reimbursable. Should knowledge of an employee's family status also be necessary, this information must be set forth in column 11.

Space 6 is not filled in by the employee. The dates requested in space 7 must be filled in by the employee. If he does not know the account number, the employee can leave blank for the liquidator to fill in. The liquidator fills in the object code breakdown for use in posting to his budgetary control register. Space 8 is for the employee's certification and the liquidator's visa. This form, therefore, will replace and eliminate "the liquidator's statement of amount due employee".

Columns 9, 10, 11, 12, 13, 14, and 15 are for itemizing the nature, justification, and amount of the reimbursement the

employee claims. In case of travel expenses, the places from which the employee departs are written under "From" and his destinations under "To" both in Col. 10. The reason or authority for making the trip is written in Col. 11. The costs of the transportation, lodging, and meals, but not in excess of the maximum allowed, are entered in columns 12, 13, and 14 respectively, with the total expenses for the day in Col. 15. Do not enter expenses other than travel on the same line with travel. In fact, it is advisable to report travel expenses on a separate voucher from other expenses and allowances. When reporting other expenses and allowances, ignore the separation lines for columns 12, 13, and 14, and use all of columns 11, 12, 13, and 14, for justification. As stated, the total of the voucher is brought down in space 16.

After filling in as described and certifying (signing), the employee peels off the fifth copy with its one-time carbon and passes the first four copies to the liquidator. The liquidator reviews, completes his part of the form. If the employee has not prepared the form properly, the liquidator returns it to the employee with instructions, verbal or written, or completes or corrects it himself. After satisfying himself as to the correctness of the form, the liquidator assigns a departmental voucher number, records the expenditure in his budgetary control register, visas, and passes to the ordonnateur for approval. If the ordonnateur's delegate signs (this applies to all forms) then the word "For" should be written in front of "Ordonnateur" by the delegate, and,

of course, the delegate's signature must be authorized for the purpose. Upon return from the ordonnateur, the liquidator files Copy 4 and sends the first three copies to central accounting. In a few days he should receive the cheque for delivery to the employee with Copy 3 of the voucher showing the central accounting voucher number, the cheque number and date.



## EXHIBIT XII

FORM No. A-9 QUOTATION (NOT AN ORDER)

This quotation form is provided for use by the various department purchase offices to facilitate the obtaining of quotations from potential suppliers in those cases when sealed bids are not required. If sealed bids are required, then Form A-10 should be used instead of this form.

Form A-9 should be printed on a good-quality, light-weight, white paper. There would be no advantage in using different colors nor in providing interleaved, one-time carbon. The standard 8 1/2" X 11" size should be used.

Sufficient copies of Form A-9 should be prepared to provide two copies for at least three (if possible) vendors, plus one copy to be retained by the purchase office. The names of the vendors from whom quotations have been requested should be written on the purchase office copy. Of the two copies each vendor receives, one should be completed, including signature, and returned promptly to the purchase office. The other copy vendor retains. Quotations may be obtained by telephone, when necessary and permissible, and confirmed by means of Form A-9.

When it is determined which vendor is to receive the award, a Purchase Order, Form A-3, is issued. All completed (signed) copies of the Quotation should be attached to the purchase office copy of the Purchase Order with the quotation receiving the award, first in

order, that is, immediately below the Purchase Order, with the others following.

In preparing Form 9-A, the purchase office fills in the blocks at the top and the lines between, showing:

Date quotation must be returned.  
Date delivery is required.  
Name and address of department requesting the quotation.  
Name and address of vendor to whom the form is sent.  
Request number (should be serially numbered by each purchase office, starting with number one at the beginning of each fiscal year).  
Date issued.

In addition, the purchase office must fill in the first three columns, describing specifically what is wanted and in what quantity, unit of count, weight, measure, etc.

The remainder of the form is filled in by the vendor, that is, the unit price, amount, total, and all information indicated at the bottom of the form concluding with the vendor's (firm name) signature, and date.



## EXHIBIT XIII

FORM No. A-10 INVITATION, BID, AND ACCEPTANCE

This form is used whenever sealed bids are required. In contrast, Form A-9 is used whenever open quotations are necessary. Form A-10 is designed as a triple purpose form, combining the Invitation to Bid, the Bid itself, and the Acceptance of the Bid, all in one document, which makes for a simplified and an accelerated procedure. Even though this document comprises a purchase contract in itself, nevertheless a confirming "Purchase Order" should be issued for processing purposes and to maintain the inclusiveness of the purchase order system.

The form should be printed in all white copies (no sets) on standard 11" x 8 $\frac{1}{2}$ " good quality, light-weight paper. Three copies are sent to each prospective bidder with one copy for central accounting and several copies also prepared for the purchase office file in the event the acceptance is split between two or more bidders. The one copy for central accounting is sent at the time the Invitation to Bid is sent to vendors to enable central accounting to have a representative at the public bid opening should it so desire.

To prepare Form A-10, the purchase office types, in the spaces in the upper part of the form, the date issued, the name and address of the department calling for bids, the bid number, and the date and hour which have been set for the opening of the bids. Section 1 is also filled in by listing and describing exactly

the material and/or service wanted and in what measure or quantity. The bid number is assigned by each department's purchase office in numerical sequence beginning each fiscal year with number one and adding the two-digit departmental budget account code and the letter B (for bid) as a designating prefix, such as, B-10-1, B-10-2, B-10-3, etc. The letter B can be printed on the form itself so it will not be necessary to write it except where reference is made to a bid by number. The letter prefix "B" is to distinguish Bid numbers from Purchase Order numbers.

When the prospective bidder receives three copies of Form A-10 he enters in Sec. 2a the price and amount opposite each item on which he desires, and is in position, to bid. In Sec. 2, the vendor types or prints his business name, signs his own name below in ink, adding title. He also shows the address of his business and the date of signing. Two copies are sent or taken to the department requesting the bids, in a sealed envelope plainly marked on the outside with bid number, opening date and hour.

The accepted items are indicated in Sec. 3 on both copies, the acceptance date is written in, and the ordonnateur adds his approval signature. One copy is given, or sent, to each bidder having accepted items. Should the ordonnateur delegate a deputy to sign in his behalf, the delegate would write the word "For" preceding ordonnateur.

FORM A-11 5M 1-58

EXHIBIT XIV

THE REPUBLIC OF VIETNAM

# ADVICE OF CHANGE IN PURCHASE ORDER

NAME OF BUYER	DATE	ACCOUNT	NAME	ACCOUNT NUMBER	PURCHASE ORDER No.	ADVICE OF CHANGE No.

NAME AND ADDRESS OR VENDOR

THE REPUBLIC OF VIETNAM

DEPARTMENT OR INSTITUTION

ADDRESS

INSTRUCTIONS TO VENDOR : Keep original. Copy 2 must be signed by owner, partner, or responsible officer in lower righthand corner and returned at once to purchase office of department shown above.

THE PURCHASE ORDER INDICATED ON THIS ADVICE IS HEREBY CHANGED AS SET FORTH BELOW

NET INCREASE \_\_\_\_\_  
NET DECREASE \_\_\_\_\_

FINAL DISTRIBUTION 1. Vendor 2. Purchase Office 3. Liquidator 4. Central Accounting 5. Issuing Office 6. Purchase Office	BUDGET CERTIFICATION	APPROVED	Acknowledged and Accepted for Vendor : _____ Date
	CENTRAL ACCOUNTING	ORDONNATEUR	TITRE :

## EXHIBIT XIV

FORM No. A-11 ADVICE OF CHANGE IN PURCHASE ORDER

This form is used by the departmental purchase office to supplement the original Purchase Order itself whenever the need requires. After a Purchase Order is issued and before delivery of the merchandise is made, or even subsequent to delivery, changes come to light which were not apparent or for some reason were overlooked before. It is difficult to enumerate the many causes necessitating the use of Form A-11, they are so many and varied. An increase or decrease in the quantity of an item is frequent. Or a change in specifications of a particular item may come to light but the article is greatly needed and the substitution is considered to be acceptable, at the same price or at a higher or lower price. And so on. Whatever the reason, it is easier and simpler to issue an Advice/<sup>of</sup>Change in Purchase Order than it is to cancel the original order and issue a replacement.

Since the original order was accepted by the vendor, it is necessary to have the vendor accept the Advice of Change. The need for the Advice of Change is usually worked out verbally between the vendor and the purchase office with approval of the ordonnateur when required. Then the Advice of Change is issued as a sort of confirmation. It obviously is not good practice to surprise a vendor with an Advice of Change, especially if it will cause him extra inconvenience or expense. He should at least be

notified by telephone as to its necessity. The Purchase Order which he received in the first place is a contract and cannot be legally altered without the consent of both contracting parties.

The preparation of Form A-11 appears to be self-evident with the original Purchase Order as a source for most of the information needed. The advice of change number is in relation to the original order only, that is, for each order the first advice of change number will be one, the second two, and so on, as necessary, starting with number one for each Purchase Order on which an Advice of Change is issued. For example, the first Advice of Change for Purchase Order No. 1232 would be one. Also the first Advice of Change for Purchase Order No. 1249 would be one. And so on.

If there is a net increase or net decrease in the order, the exact amount must be entered on the proper line in the lower right-hand corner of Form A-11. Both the liquidator and central accounting must make an entry in their budgetary control register in the event of a monetary change or a budget account number change. If changes are limited to phases affecting only the internal organization, such as a budget account classification number, no copies would be sent to the vendor. Otherwise, the distribution of copies would be the same as for the Purchase Order.

As a usual practice, therefore, the processing flow and the distribution of the various copies of Form A-11 will be the same

as for the Purchase Order. The form should be printed on 11" x 8 $\frac{1}{2}$ " good quality, light-weight paper, assembled in sets of six' (with inter-leaved, one-time carbon) in the same color combination as the Purchase Order sets. The blank rectangular block in the left upper-half of Form A-11, like the Purchase Order, is to facilitate the use of a window envelope to save retyping of the name and address of the vendor on a plain envelope.

# THE REPUBLIC OF VIET-NAM PAY ROLL VOUCHER

- 1. Treasurer
- 2. Central Accounting
- 3. Liquidator
- 4. Retirement Board
- 5. Civil Service Board
- 6. Liquidator

DEPARTMENT \_\_\_\_\_

SERVICE \_\_\_\_\_

Voucher No \_\_\_\_\_

Date Submitted \_\_\_\_\_

Period Covered:  
From \_\_\_\_\_  
To \_\_\_\_\_

Compt'd	Checked	Audited

Budget Certification \_\_\_\_\_

Central Accounting \_\_\_\_\_

I hereby certify that the persons listed on the attached payroll, as summarized below are authorized employees of the Department and Service shown above, that the respective amounts are correct and that they represent proper charges against The Republic of Viet-Nam

\_\_\_\_\_  
 Chief of Service                      Liquidator                      Ordonnateur

I hereby certify that the classification and pay rates of those persons who are employees in the Civil Service of The Republic of Viet-Nam, and whose names are not stricken from the attached pay roll, conform to or have been corrected to conform to the provisions of the Civil Service laws and regulations. The names of other persons are certified on the basis of the representation of the head of the department concerned.

By \_\_\_\_\_ Director of Civil Service

NATURE OR CLASSIFICATION	ACCOUNT NUMBER	ADDITIONS AND DEDUCTIONS	TOTAL AND NET AMOUNT
1. Elected and High-Ranking Officials	00000000	\$	\$
2. Basic Salary	1 1 1 1		
3. Allowances	1 1 1 2		
4. Representation Allowances	1 1 1 3		
5.			
6. Commissioned Personnel			
7. Basic Salary	1 1 2 1	406,974.04	
8. Family Allowances	1 1 2 3	149,351.29	
9. Cost of Living Allowances	1 1 2 4	287,400.00	
10. Other Allowances	1 1 2 9	8,800.00	
11.			
12. Personnel			
13. Basic Salary			
14. Family Allowances			
15. Cost of Living Allowance			
16. Other Allowances			
17.			
18.			
19. Gross Pay			852,525\$33
20.			
21. Deductions			
22. Employees Retirement Contribution	(Revenue) (Code)	24,413\$31	
23. Other - Accounts Receivable	(Code)	4,745.78	
24. Other			
25. Other			
26. Stamp Taxes (Revenue)	(Code)	1,656.40	30,815\$49
27. Voucher Net Total			821,709\$84

## EXHIBIT XV

FORM No. A-12 PAY ROLL VOUCHER

Form A-12 is printed on 8<sup>1</sup>/<sub>2</sub>" x 11" good quality, light-weight paper which would not require one-time, interleaved carbon since each department or service would require but the one six-copy set for each of its two (one paid by cheques, one paid in cash) monthly pay rolls. The distribution of the six copies are shown on the voucher and different colored paper for each copy is an aid in distribution.

Because of numerous allowances and deductions it appears impractical to put the pay roll itself on the face of the voucher. Form A-12, therefore, has been designed as a budgetary account classification processing summary to which the pay roll, Form A-14 (see Exhibit XVII) would be attached in complete support and made a part thereof. There is a question as to whether the certifications on the Pay Roll Voucher should be duplicated on the attached pay roll. Although provided for, they could be omitted with propriety since the certifications on the Pay Roll Voucher relate to and cover the pay roll itself.

The account titles listed in the "Nature or Classification" column can be printed on and made a part of Form A-12 once they have been definitely conformed to the budget account classification schedule. The listing now sets forth what is considered to be the correct presentation. Note that the "employee's contribution to the retirement fund" provides for the basic salary amount to be

charged as a gross figure with the 6<sup>o</sup>/o contribution by employees deducted as a revenue item. In the budget document, the basic salaries should be included gross and, in addition, an amount equal to the employees' 6<sup>o</sup>/o contribution would also be a budgeted expenditure to provide for the transfer payment to the Civil Pension Fund. The amount of the 6<sup>o</sup>/o contribution deduction would appear as revenue to offset the transfer payment expenditure. This complete showing of all parts of the transaction reflects the time circumstances. Both expenditures and revenue are stated in full and proper emphasis is given to the highly significant fact that the employees do indeed make this contribution.

Figures from an actual pay roll are shown in the last two columns to illustrate how Form A-12 would be filled in in actual practice, using for each particular pay roll just the applicable lines. Seldom would all the lines on the form be used at one time but enough flexibility is provided to take care of any specific pay roll. For example, in case of the military, lines 6 through 11 would be used for commissioned officers, lines 12 through 18 for non-commissioned officers and enlisted men, plus whatever lines for deductions are needed. The necessary descriptive word would be typed in the first column on line 12. The only object codes that are pre-printed on the form are those on lines 2, 3, and 4. Object codes for other lines are typed in as needed. The remainder of the budget account classification number need not be repeated except where it changes as in the case of deductions.

The processing of the Pay Roll Voucher would be similar to that for other vouchers in the main. In the case of employees paid by cheques there would be a cheque for each employee, the aggregate amount being in exact agreement with the voucher net total, rather than one cheque for the entire voucher. Or one master cheque could be issued in the amount of the voucher net total and deposited in a special pay roll account. Then special pay roll cheques would be issued, against this special pay roll account, in favor of each employee for his respective net pay. This latter alternative provides a circumscribed control that has proved to be highly advantageous. In the case of employees paid in cash, only one check would be issued in the amount of the voucher net total with which the pay roll funds are obtained for delivery to the individual employees.



## EXHIBIT XVI

FORM No. A-13 QUARTERLY REQUISITION FOR BLANK FORMS

Some sort of form control is necessary in order to have an idea as to the quantity of the various forms used, on hand, and required. Form A-13 provides this sort of tab in a rather simple, informal manner. At the same time it presents a systematic and convenient procedure to enable each department to make its needs known to the forms distribution section of the central accounting direction.

The blank forms proposed in this manual should be furnished free to the various departments by the central accounting direction if the latter's budget appropriation is sufficient to absorb the cost. If the necessary appropriated funds are not available to central accounting, then, until they are, central accounting will have to make an inter-departmental charge for the cost of the forms, assuming they will be first charged to central accounting until the forms are distributed out to the various departments.

Form A-13 should be printed on 8 1/2" x 11" good-quality paper and assembled in sets of three, each of the three sheets a different color. Since the form will generally be issued once a quarter by each department, precarboning would not be economical.

The three copies (original and two carbons) of the Requisition should be prepared by each department in ink or typewriter each quarter and submitted to the forms distribution section of the central accounting direction on the first day of January, April, July, and

October, for the quarters ending March 31, June 30, September 30, and December 31, respectively. However, emergency Requisitions may be submitted at any time for a supply of new forms or for a given form, or series of forms, when conditions arise making it necessary to re-order before the next regular quarterly requisition is due. In either case the "Estimated Usage Column", the "Quantity on Hand" column, and the "Quantity Required" column must be filled in. Quantities shown must be in units of "Pads", "Sheets", "Sets", or "Packages", as indicated in the "Unit of Issue" column. When submitting emergency Requisitions, insert revised estimate for the balance of the quarter involved and quantity on hand and quantity required for only such forms as are required at that time.

Departments using a comparatively small quantity per year of any form or series of forms (not more than 4 pads of a padded form nor more than 100 each of those not padded) may request such forms on the basis of a six months' or one year's supply. In each such instance the quantity shown in the "Estimated Quarterly Usage" column for those forms should be followed by the letters "6 Mo." or "1 Yr." whichever applies. Form A-13 is an example of a form which should be ordered on the basis of a one year supply.

The forms now listed on Form A-13 are primarily for accounting and purchasing with the former in the slight majority. Consequently, the preparation of Form A-13 is the primary responsibility of the liquidator. He first passes Form A-13 to the purchasing office and lets them fill in the figures for the purchasing forms. They return Form A-13 to the liquidator who fills in the figures for the accounting forms, signs in ink, and sends copies 1 and 2 to the forms

distribution section of the central accounting direction.

When the two copies of Form A-13 are received in the forms distribution section of the central accounting direction, the order is promptly filled. The employee filling the order checks off each item on the packing list, copy 2, which list he includes with the shipment to the department. Copy 1 is filed for reference and tabulation.

The depletion of forms in the stock room would seem to indicate when to reorder. However, some departments may have a substantial oversupply of a certain form or forms due to overestimating their requirements at one time, or there might have been a change of pace in usage of certain forms. Consequently, a careful examination of the Quarterly Requisitions may change the aspect of the stock picture. A practical reminder that the stock room supply is reaching a reorder stage is to insert a specially marked paper tab at the reorder level in the stack for each form. Ample lead time must be figured to allow for inquiries, quotations, or bids, in addition to the time required by the printer which sometimes runs into several months.

Before reordering, every form should be carefully reviewed as to its need; then as to whether or not it should be revised in the interest of efficiency and economy. Toward keeping forms revised up-to-date, the primary official responsible should start a folder for a form when an idea for revision comes to mind. Mark the revision on a blank copy of the form, insert the form in the folder for ready reference when the next reprinting review is brought to his attention.



## EXHIBIT XVII

FORM A-14 PAY ROLL

A study of the present pay roll forms has prompted the drafting of this revised pay roll form. Some of the work that now goes into the preparation of the present forms can be eliminated. The revised form (Form A-14) also includes some information that does not now appear on the present forms. In size, Form A-14 is of a little less width than the present form so an additional column for "Allowances" as well as for "Deductions" could be added, if considered necessary, without, or slightly, exceeding the width of the present form. The length of Form A-14 could, of course, be the same as the present form. Likewise second sheets could omit the heading and column captions as at present, using only column numbers for identification by referring back to the lead page. The only advantage in this would be a small space saving. The printing cost would run a little higher because of having to make a second setup, which might be offset by the paper saving in the slightly fewer number of sheets used. Having to work with two different forms is some inconvenience to the staff preparing the pay roll.

Different Forms Now Used

At present there are at least three different pay roll forms in use. One is for the employees who elect to receive their pay at their offices in piastres. The second is the employee who wants to receive an individual Bon de Caisse and go to the treasury office with it to receive his piastres. The third is by bank transfer in which the monthly salary is credited to the employee's account in the banking section of the treasury from which the employee can

withdraw funds against his balance as he desires. The understanding is that the employee can also issue cheques (pay orders in favor of third persons) against his account balance, the same as in the case of a regular commercial bank account. The second and third forms are identical in make-up, that is, columns and column headings are alike but other printed matter varies according to the specific method of payment.

The Stamp Tax is shown as a deduction on the first pay roll form. Although the actual deduction is not shown to obtain a net pay figure, it has been stated that this amount is withheld in total by the treasury. Then as the disbursing officer counts out each individual employee's net pay in piastres he must make a mental subtraction unless he has the foresight to prefigure the net amounts and make marginal jottings of them. On the second and third pay roll forms no stamp tax is shown. The employee who elects to receive an individual Bon de Caisse, and go to the treasury office with it for his piastres, is charged a stamp tax at that time which the treasury withholds. Employees paid on the third pay roll form, i.e., by bank transfer, are charged no stamp tax reportedly because of the lesser work required of the treasury. By way of observation, then, it would appear that the pay roll stamp tax, instead of being for revenue, is a penalty against the employee not affluent enough to afford an account with the treasury or for some other reason rejects the opportunity. The treasury's temporary use of the money on balance by depositing employees might be another factor in justifying waiver of the stamp tax.

Pension Contributions of 6 0/o by employees are the beginning figures on the first (large) pay roll form, although the second and third forms begin with the actual basic salary followed next by the amount of the 6 0/o pension contribution then, in the third money column, the net basic salary after deduction of the 6 0/o. In other words, the actual basic salary although shown on the second and third pay roll forms, is included only by inference on the first form.

On the second and third pay roll forms a column is provided to show the 20 0/o contribution made by the government. This column is omitted from the first form but the computation is made in total and the amount shown on the summary page. The column is not needed because the computation is not by individual employees but merely  $20 + 6$  (or  $3 \frac{1}{3}$ ) X the total amount of all employees' contributions. For example, assume the employees' contributions total 24,413.31\$VN. Then the Government's corresponding contributions would be  $3 \frac{1}{3} \times 24,413.31$VN$  which is 81,377.70\$VN. The employees' monthly pension benefits are computed according to formula so that posting contributions to the employees' individual accounts is not necessary.

Allowances Columns are not provided for in the second and third pay roll forms so allowances have to be written out descriptively for each individual employee, repeated and repeated, making a time-consuming process both in the original drafting and in the typing. Even though the majority of the employees are included on the first form there are, nevertheless, enough of the others to make the extra work burdensome. It is basic procedure in accounting

that whenever like information is repeated, columnization is availed of to save space, time, and labor.

Name and Family Situation Columns are separated on the first pay roll form now in use. On the second and third forms this data is crowded into one column. On the large 15-page first pay roll form observed, the words "Chi số lương" meaning <sup>"salary class"</sup> / was retyped 110 times. A narrow column for the three-digit salary class index figure would set it out where it would be more quickly seen and would also save make-up and typing time. The superfluous detail repeated for each employee on the payroll made it necessary to use 14 pages (excluding the summary page) when about one-third of that number would suffice if the information was curtailed to essentials.

Improvements in Methods and Procedures

The information in the "Name" column can be reduced to these essentials for each employee :

Serial number

Name

Position

The employee's profession, the decree establishing the position, and other such data, though important for the personnel file are not needed on the pay roll itself. The salary class index is shown in a special column on the revised form so its designation need not be spelled out for each employee.

The "Family Situation" column (for writing out marital status, the number of children with the birth date of each, school certificate references, decrees, etc.) is abandoned in favor of a narrow

"Family Status Code" five-digit column which will provide the same information more compactly.

An Employee Number, in serial order, is assigned to each employee for ease of positive identification. These serial numbers are issued departmentally, and central accounting will assign employee numbers in blocks of 100 to the various departments from a central control to avoid duplications. By using a departmental prefix code, the numbers can be assigned by the respective departments. No confusion should result when an employee is transferred from one department to another since the serial prefix would indicate only the department where the employee was working when his number was assigned, not necessarily where he is working currently. The same number must never be assigned to different employees.

The Family Status Certificate will eliminate the practice of repeating the detailed family status (situation) on every pay roll which now makes much extra work. This information will be gathered and maintained on individual forms which must be filled in by each employee at the time of his employment as well as by every employee in service as of the effective date the form is instituted. There has to be some means now of gathering this information and keeping it current. In lieu of repeating the information on every pay roll, therefore, a copy of the registration could be furnished those who now require it for verification, audit, or other purposes. It seems that an original and two copies would be sufficient with one

for the liquidator or whoever prepares the pay roll, one for the personnel office, one for the central accounting division to which would be attached the school certificates. Due to the volume, interleaved precarboned forms should be used.

The Family Status Certificate would appear as shown below. It could probably be printed on a 7" x 5" sheet or thin card for ease of handling, filing, reference, and kept in small drawer files of the same size.



The information is kept current by requiring the employee to file a new Status Certificate whenever his family status changes (other than from the passage of time) such as by marriage, divorce, birth of a child, and a death. If it is felt necessary to go that far, the bureau of vital statistics (or its equivalent) could be required to furnish copies of reports as to the above, and on such reports all Government employees would declare themselves so to be and record their employee number. As a further precaution every employee could be required to file a new Family Status Certificate at specified intervals, such as every two years.

The Family Status Index Code entry on the Certificate would be the next step once the Certificate is completed and filed by the employee. The family status code would be a five-digit index number constructed as follows:

First and second digits <sup>salary</sup> for class and location

Third digit for wife

Fourth and fifth digits for number of eligible children.

To facilitate the application (entry) of the index code, and to avoid the burden and delay in recomputation, charts are prepared from which the index code can be read directly, at the time the pay roll is prepared and again when verification is made in central accounting. A sample of such charts is shown on the following page as Chart I.

CHART I  
INDEX CODES OF FAMILY STATUS  
SOUTH AND SOUTH CENTRAL VIET-NAM

Salary Class	Single, no Children	Married no Children	Married one Child	Married 2 Children	Married 3 Children	Married 4 Children	Married 5 Children	For each Child over 5 add 1
A	10000	10100	10101	10102	10103	10104	10105	00001
B	11000	11100	11101	11102	11103	11104	11105	00001
C	12000	12100	12101	12102	12103	12104	12105	00001
B-1	13000	13100	13101	13102	13103	13104	13105	00001
B-2	14000	14100	14101	14102	14103	14104	14105	00001
B-3	15000	15100	15101	15102	15103	15104	15105	00001
C-1	16000	16100	16101	16102	16103	16104	16105	00001
C-2	17000	17100	17101	17102	17103	17104	17105	00001
D-1	18000	18100	18101	18102	18103	18104	18105	00001
D-2	19000	19100	19101	19102	19103	19104	19105	00001

NORTH AND NORTH CENTRAL VIET-NAM

A	30000	30100	30101	30102	30103	30104	30105	00001
B	31000	31100	31101	31102	31103	31104	31105	00001
C	32000	32100	32101	32102	32103	32104	32105	00001
B-1	33000	33100	33101	33102	33103	33104	33105	00001
B-2	34000	34100	34101	34102	34103	34104	34105	00001
B-3	35000	35100	35101	35102	35103	35104	35105	00001
C-1	36000	36100	36101	36102	36103	36104	36105	00001
C-2	37000	37100	37101	37102	37103	37104	37105	00001
D-1	38000	38100	38101	38102	38103	38104	38105	00001
D-2	39000	39100	39101	39102	39103	39104	39105	00001

One more page of index codes similar to the above would be required, i.e., one showing the widower with dependent children for both the South and the North. One advantage of the index codes is that they would not change (unless classes do) even though the amounts of allowances are revised.

To complete the family status index code, one more page with double charts would be necessary for the index codes of an employee with children but without a wife or husband because of death, separation, or divorce, and to a female employee with an incapacitated husband. These index codes would fit right into the established scheme. For example, the index code for a South Viet-Nam Class A widower with three children would be 10003, and for a North Viet-Nam Class B-2 widower with seven children the index code would be 34107.

Although there are different amounts for family allowances and for cost of living allowances, the two are based on the same statistical family status, hence the one set of index codes can be used for both.

The Allowances For Family And Cost Of Living require another set of charts with the amounts allowed keyed to the index codes. Every index code relates to a different amount except for possible coincidental similarity or when there is no distinction in class such as for Classes A and B at the present time. Since such lack of distinction could be altered in the future it is better to maintain a distinction now in their index codes and this has been done in the sample Chart I.

On the following page is shown Chart II, Monthly Cost of Living Allowances By Index Codes. In actual practice this chart would be extended or supplemented with additional charts to embrace all codes. Likewise a companion chart or series of charts would be prepared in the same manner for the Monthly (and daily for Classes D-1 and D-2) Family Allowances By Index Codes.

CHART II  
MONTHLY COST OF LIVING ALLOWANCES BY INDEX CODES

Code	Amount	Code	Amount	Code	Amount	Code	Amount
10000	1,200\$	12000	800\$00	14000	900\$00	16000	600\$00
10001	1,550	12001	950.00	14001	1162.50	16001	712.50
10002	1,900	12002	1100.00	14002	1425.00	16002	825.00
10003	2,250	12003	1250.00	14003	1687.50	16003	937.50
10004	2,600	12004	1400.00	14004	1950.00	16004	1050.00
10005	2,950	12005	1550.00	14005	2212.50	16005	1162.50
10100	1,550	12100	950.00	14100	1162.50	16100	712.50
10101	1,900	12101	1100.00	14101	1425.00	16101	825.00
10102	2,250	12102	1250.00	14102	1687.50	16102	937.50
10103	2,600	12103	1400.00	14103	1950.00	16103	1050.00
10104	2,950	12104	1550.00	14104	2212.50	16104	1162.50
10105	3,300	12105	1700.00	14105	2475.00	16105	1275.00
11000	1,200	13000	900.00	15000	900.00	17000	600.00
11001	1,550	13001	1162.50	15001	1162.50	17001	712.50
11002	1,900	13002	1425.00	15002	1425.00	17002	825.00
11003	2,250	13003	1687.50	15003	1687.50	17003	937.50
11004	2,600	13004	1950.00	15004	1950.00	17004	1050.00
11005	2,950	13005	2212.50	15005	2212.50	17005	1162.50
11100	1,550	13100	1162.50	15100	1162.50	17100	712.50
11101	1,900	13101	1425.00	15101	1425.00	17101	825.00
11102	2,250	13102	1687.50	15102	1687.50	17102	937.50
11103	2,600	13103	1950.00	15103	1950.00	17103	1050.00
11104	2,950	13104	2212.50	15104	2212.50	17104	1162.50
11105	3,300	13105	2475.00	15105	2475.00	17105	1275.00

Advantages of Proposed Form and Method.

The advantages of Form A-14 over the present forms are as follows :

1. One form replaces several different forms
2. The information on Form A-14 is more complete and is arranged in a more logical sequence.

In addition to the advantages in Form A-14 itself, changes in method are advocated as follows :

1. Excessive information now repeated on the pay roll form should be eliminated. Form A-14 is designed to exclude such information.
2. Payment by cheque or warrant,
  - a. To eliminate the need for different kinds of payroll forms and payment methods
  - b. To simplify the payment process.
  - c. To provide a tighter control.

Additional Comments

A satisfactory pay roll form should provide for showing gross earnings and allowances, all deductions and their nature, finally the net amount to be paid. The better practice at the present time in America (probably in most modern industrially developed countries) preponderantly favors cheques over the direct payment of cash to employees because of being speedier, more methodical, more easily controlled, and safer.

At most there should be but the two kinds of pay roll, one for those employees paid by cheque, another for those paid in cash. Both kinds of pay roll use the same pay roll form. For those paid in cash, Column 14 will obviously show no cheque number, so this <sup>can be</sup> column/used for the employee's receipt signature as at

present. By all means, as many employees as possible should be paid by cheque for the reasons stated above. Only the lower class, lesser paid, employees should be paid in cash.

Pay rolls are numbered according to the fiscal year. For example, the number of the first pay roll for every department or direction for 1958 will be 1958-1, the second 1958-2, and so on until the end of the year, starting over with the beginning of the new fiscal year, 1959-1, 1959-2, and so on.

Other allowances, of infrequent occurrence and relatively small in amount, are entered in Column 7 with an index letter or number, in the narrow companion column, keyed to a footnote identifying the nature of the allowances. For example :

"A"	indicates functional allowances
"B"	" housing "
"C"	" electric and water "

For budgetary contral purposes, no segregation of the total amount in the "other" column is necessary as there is only one budget account classification for this group. The department concerned, however, might wish to keep a record as to the amounts for the different classes.

This same procedure for "Other Allowances" will apply to Column 10 for "Other Deductions". It was stated that under certain circumstances salary advances for several months are sometimes made. For proper accounting control such advances should be charged to accounts receivable, then this account is credited as pay roll deductions are made to liquidate the advance. Only salary as earned is charged to the budget account classification.