

Evidence-Based Governance in the Electronic Age

Case Study

The Management of Financial Records in Vietnam

This case study has been prepared by the International Records Management Trust and does not reflect the views of the World Bank nor the Government of Vietnam.



*A World Bank/International Records Management Trust
Partnership Project*

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CONTENTS

Introduction	1
Executive Summary	2
Background Information	4
Overview of Financial Management Arrangements	5
Management of Financial Records	8
Records and Information Management: Key Issues	11
Appendix A: List of People Consulted	13
Appendix B: Ministry of Finance decree no. 178-cp dated 20 October 1994	15
Appendix C: Decision of the Minister of Finance No.218/2000/QD-BTC	19
Appendix D: Ministry of Finance Regulation on Keeping Accounting Documents	21
Appendix E: Decision of the Ministry of Finance No. 71/2000/QD-BTC	28
Appendix F: Regulation Nomenclature, Term of Archive Documents, Regime on collecting, Maintaining Using Archive Documents of Ministry of Finance	30
Appendix G: Vietnam Responsibility Structure	37
Appendix H: Public Financial Management and Accountability Project	38

INTRODUCTION

- 1 *Evidence-Based Governance in the Electronic Age* is a three-year project delivered in partnership between the World Bank and the International Records Management Trust. It involves coordinating a global network of institutions and organisations to facilitate the modernisation of information and records systems.
- 2 Records, and the information they contain, are a valuable asset that must be managed and protected. Records provide the essential evidence that a particular action or transaction took place or that a particular decision was made. Records support all business functions and are critical to the assessment of policies and programmes, and to the analysis of individual and organisational performance. Without reliable records, government cannot administer justice and cannot manage the state's resources, its revenue or its civil service. It cannot deliver services such as education and health care. Without accurate and reliable records, and effective systems to manage them, governments cannot be held accountable for their decisions and actions, and the rights and obligations of citizens and corporate bodies cannot be upheld.
- 3 New technologies provide great potential to improve services and efficiency, but the evidence base upon which governments depend must continue to be protected and preserved. For initiatives such as e-government and e-commerce to be successful, governments must have access to information that possesses certain crucial characteristics: the information must be available, accurate, relevant, complete, authoritative, authentic and secure.
- 4 The aim of the *Evidence-Based Governance* project is to make records management a cornerstone of the global development agenda. The challenge is to rebuild and modernise information and records management systems in parallel with complementary measures to improve the broader environment for public sector management. The project represents a major opportunity to integrate records management into global strategies for good governance, economic development and poverty reduction.
- 5 During the first phase of the project, studies were carried out within the World Bank and in a range of countries to explore the requirements for managing personnel, financial and judicial records in a hybrid, electronic/paper environment. This report is one of thirteen case studies that illustrate the issues involved. The studies have been supplemented by findings derived by a global discussion forum involving senior officials and records and archives professionals. The knowledge gathered through these means is providing the basis for the development of assessment tools to measure the quality of records and information systems in relation to clearly defined functional requirements and benchmarks. The project will develop tools for use in the three areas of study: personnel, financial and judicial records systems. Ultimately, the information gathered will also help to define the requirements for global capacity building for managing electronic records.
- 6 The case studies have been chosen to represent differences in geographic regions, administrative structures and resource environments.

- 7 The case studies have been chosen to represent differences in geographic regions, administrative structures and resource environments. The countries chosen to examine the management of financial records were Nigeria, Tanzania, Chile, and Vietnam. These countries give a broad geographical spread and represent different degrees of development in financial reform and the use of electronic records.

Terms of Reference and Methodology

- 8 This report covers a visit to Vietnam by Ray Bennett from 17 to 21 June 2002, to examine the management of financial records and to test a prototype of the assessment tool for financial records and information management.
- 9 The case study represents a snapshot in time. The observations it contains were current as of June 2002. Since then, new developments and improvements have taken place on a regular basis and therefore the case study does not represent the situation at present. It is hoped that the findings in this report will highlight issues that will continue to arise in many other situations.

Acknowledgements

- 10 Grateful thanks are extended to Mr Rakesh Nangia, Manager, Portfolio and Country Operations, Mr Le Viet Hung, Financial Management Officer, and Mr Kazi Matin, Economic Management, of The World Bank, Vietnam. Appreciation and sincere thanks are also expressed to the Government of Vietnam and all its officials who so kindly made themselves available and provided much valuable information during the visit. A full list of people consulted is at Appendix A.

EXECUTIVE SUMMARY

- 11 Vietnam's economy is growing after the slow down during the East Asian crisis. The country is committed to socially inclusive development and recently completed a Comprehensive Poverty Reduction and Growth Strategy which identifies key decisions that need to be made, supported by strong inter-ministerial coordination, for rollout to provincial, district and commune levels. Since 1993 the World Bank has supported, through the International Development Association (IDA) fund, projects to help fight poverty in Vietnam through finance for agriculture, infrastructure, health programmes, schools and other essential needs. The Public Financial Management Reform Project (PFMRP), which supports the goal of promoting good governance is co-financed by the World Bank and UK Department for International Development (DFID). (paras 21 to25, Appendix H)
- 12 The financial data collection in Vietnam is essentially cash-based. The Treasury system provides a comprehensive accounting record of cash receipts and payments of administrative and service delivery units at all levels of government. The budget system is relatively complex, reflecting a unitary or national budget covering the four levels of government: national, provincial, district and commune. It requires considerable coordination and consultation between levels, which does not always

work in practice. It also requires significant coordination between the Ministry of Finance and the Ministry of Planning. The 1996 Budget Law created the current system and framework of financial relations. The State Audit was established in January 1995. (paras 26 to 30, Appendix G)

- 13 Vietnam has made considerable progress in these areas in recent years. Enactment of the budget law, regular fiscal reporting and the adoption of international economic classifications, the removal of budgetary information from the secrecy law and the publication of some of that information reflect such progress. Nevertheless, further improvements in reporting budgetary data and in making data accessible by government agencies and the public are required if Vietnam is to be on a par with other countries in the region. (paras 31 to 33)
- 14 Record keeping for recent years has been good, but older records can be difficult to find. Lack of resources and expertise has created problems in classifying accounting documents resulting in storage problems in all ministries due to documents being kept longer than necessary. (paras 34 to 38)
- 15 The preparation and enforcement of international accounting standards in Vietnam may have an impact on the management of financial records. (para 39)
- 16 Responsibility for the financial accounting regime for business and the state sector rests with the Ministry of Finance. This has four components: the content of the accounting system; the financial documentation; financial record keeping; and the reporting procedure. The Ministry issues precise regulations on the definition, management and retention of financial documents. The retention period for all accounting documents relating to financial statements is 20 years after the end of accounting period. (paras 40 to 45, Appendices B, C, D, E and F)
- 17 Financial records in the Ministries of Transport, Health and Education are registered as soon as they enter the financial system using an unified coding system and are generally kept in an orderly manner. However, not all departments keep a record of documents when they are removed temporarily and, consequently, they can go missing. Generally internal and external auditors have been able to find financial records. Only authorised persons are given access to financial records. Some were over 50 years old and had not been through the process for consideration for destruction. (paras 46 to 48)
- 18 Most government departments and large enterprises in Vietnam use electronic recording systems. At the time of the visit the Ministry of Finance was drafting general guidance on the computerisation of accounting systems. However, there would still be insufficient regulations on the computerisation of financial and accounting records. This is an area where the Government of Vietnam would appreciate advice. (para 49)
- 19 There are many IT providers in Vietnam but the systems available are not harmonised. This has resulted in inefficiencies and the information available does not meet the business requirements of government. These problems are being addressed by the Public Financial Management and Accountability Project. (para 50, Appendix H)

- 20 The National Archives Ordinance sets out the general provisions for the management and use of the National Archives. The National Archives is primarily concerned with the preservation of documents of historical value and does not have direct involvement in the management of financial records, though in one ministry visited they had provided guidance which had been followed. The Archives Ordinance provides for training for public employees involved in the archival and filing work. (paras 51 to 53)

BACKGROUND INFORMATION

- 21 After a slowdown period during the East Asian crisis, Vietnam's economy is again growing.¹ This improvement is partly due to a series of policy measures that put the economy on an enhanced medium-term growth path. Confidence in the private sector was boosted by the adoption of a detailed reform programme in 2001. Investors are reacting positively to the reform announcements and commitments made by Vietnam, and new private businesses are currently being established at a rate of 1,600 per month. Despite an unfavourable external environment, in terms of demand and prices, exports can be expected to pick up as a result of trade liberalisation efforts, including the Vietnam-US bilateral trade agreement. Strong economic growth is also associated with a manageable external debt. As in the 1990s, Vietnam could be entering a phase of prosperity.
- 22 Vietnam is committed to socially inclusive development, and in 1998 the poor represented 37% of the population (nearly 80 million), compared to 58% five years earlier. The recently completed Comprehensive Poverty Reduction and Growth Strategy (CPRGS) aims at full openness to the global economy over the coming decade and the creation of a level playing field between the public and the private sectors. It gives strong emphasis to poverty reduction and social equity and to a more modern system of governance. The CPRGS identifies key decisions that need to be made, supported by strong inter-ministerial coordination for its rollout to provincial, district and commune levels.
- 23 Since reengaging in Vietnam in 1993, the World Bank has supported 35 projects to help fight poverty in Vietnam through finance for agriculture, infrastructure, health programmes, schools and other essential needs.² All projects are funded through the International Development Association (IDA) fund, which is a lending arm of the World Bank devoted to developing low-income countries. IDA loans are interest-free with a ten-year grace period, a 40-year repayment period and a less than 1% administration fee. Since November 1993, US\$ 3.8 billion has been committed to Vietnam, of which \$1.7 billion has been disbursed.
- 24 The lending programme in Vietnam over the next three years is projected at US\$700-800 million per year. IDA funds are dedicated to promoting equitable growth and alleviating poverty throughout Vietnam. IDA funds for Vietnam are often supplemented by funds from other multilateral or bilateral donors.

¹ Vietnam Delivering on its Promise, Development Report 2003, Poverty Reduction and Economic Management Unit, East Asia and Pacific Region, World Bank

² World Bank website www.worldbank.org.vn/project-portfolio

- 25 In May 2003, The World Bank approved a credit of US\$54 million for the reform of the public financial management system in Vietnam. The Public Financial Management Reform Project (PFMRP) (see Appendix H) supports the goal of promoting good governance set out in the Government's Comprehensive Poverty Reduction and Growth Strategy through strengthening budget planning, execution, reporting and accountability. The World Bank and the UK Department for International Development (DFID) will co-finance the project with grant funding,

OVERVIEW OF FINANCIAL MANAGEMENT ARRANGEMENTS³

- 26 Financial data collection in Vietnam is essentially cash-based. The Treasury system provides a comprehensive accounting record of cash receipts and payments of administrative and service delivery units at all levels of government in Vietnam, based on standard chart of accounts, by type of transaction – salaries, procurement etc. The authority structure follows the political structure, so that communes are the responsibility of the communes people's council and are responsible to the district people's council. Districts are the responsibility of their district councils and are responsible to their province people's council and are responsible to their province council. Provinces are responsible to their province council, which in turn, are ultimately responsible to the National Assembly.
- 27 The budget system is relatively complex, reflecting a unitary or national budget covering the four levels of government: national, provincial, district and commune. In practice little information from the commune level is available at the centre, and not all commune expenditures are included in the national budget. This provides for a system of top-down and bottom up coordination at each level, requiring considerable coordination and consultation between levels. It also requires significant coordination between the Ministry of Finance, responsible for the recurrent budget, and the Ministry of Planning and Investment, responsible for the investment budget.
- 28 The 1996 Budget Law created the framework for the current system of financial relations between the national government and lower levels of government, which comprise 57 provinces and four major cities, about 600 districts and 10,500 communes, wards and district towns. These fiscal arrangements reflect a decentralised system of service delivery within a unitary system of government, under which national authority is delegated to the lower levels of government. The higher level of government approves local budgets, although there is considerable autonomy in actual implementation. The assignment of functions is well illustrated in the health sector: national hospitals are the responsibility of the Ministry of Health, provincial hospitals of the provinces, district hospitals of districts and local health centres of the communes. Lower levels of government may also operate their own state-owned enterprises. These include local services such as water and electricity supply, waste disposal and transportation.

³ VIETNAM Managing Public Resources Better, Public Expenditure Review 2000 (PER 2000) and PFMRP February/March 2002.

- 29 There are three offices involved in the discharge of functions concerning the budget: the State Budget Department, the Public Expenditure Management Department (PEMD) within the Ministry of Finance and the State Treasury Department. The internal links for reporting and monitoring of expenditure between these three offices are not strong. Nor is the link between the PEMD and ministries. Central ministries are required to estimate their quarterly expenditure, but these estimates are not fully completed or accurate because the ministries do not receive all the necessary financial information, for example from units within ministries and the provinces. Appendix G shows that there is little linkage between the ministry structure and the province structure. There are plans to merge the budget information systems.
- 30 The State Audit of Vietnam was established in January 1995 as an independent national institution. It reports the results of its audit to the National Assembly or its Standing Committees as appropriate as well as to the public. Its remit covers government ministries, departments and other units under the management of provincial governments, state-owned enterprises and other entities who use budgets granted by the state. The Auditor General reports directly to the Prime Minister and has a staff of nearly 500, which is set to grow to have 1,000 by 2005.
- 31 Vietnam has made considerable progress in financial management in recent years. The enactment of the budget law, regular fiscal reporting and the adoption of international economic classifications, the removal of budgetary information from the secrecy law and the publication of some of that information reflect this progress.⁴
- 32 Nevertheless, further improvements in reporting budgetary data and in making data accessible by government agencies and the public are required if Vietnam is to be on a par with other countries in the region. The main issues identified in the Public Expenditure Review 2000 were:
- The lack of a consolidated budget makes it difficult to determine total revenues and expenditures.
 - Data recording and reporting are inconsistent across ministries, and many gaps exist. For example, there are differences in classifying capital and recurrent expenditures and there are also classification anomalies.
 - More and better information is needed on the impact of public expenditures. Linking expenditures and outcomes to assess the effectiveness or efficiency of public spending is difficult even in advanced economies. Nevertheless, many sectors in Vietnam hold information that could be used to develop key performance indicators.
 - Over time, a consolidated budget statement will be needed to accurately reflect Vietnam's fiscal situation. Such a statement would include the activities of all off-budget funds, improve budgetary reporting by communes, obtain regular reports from state-owned enterprises and ensure better coverage of expenditures funded by official development assistance.

⁴ Public Expenditure Review 2000 and CFAA, October 15, 2001

- More systematic and frequent sharing of budgetary information across spending agencies is needed. Sectoral ministries lack adequate information on expenditures by provinces and by other ministries.

33 The Vietnam Country Financial Accountability Assessment (CFAA) of October 2001 made similar recommendations. It noted that the Government of Vietnam is planning or should consider taking the following steps:

- (i) Strengthen accounting requirements:
 - Review the reporting needs of various Ministry of Finance departments and streamline the reporting system, including the format of the reports.
 - Streamline requirements for public expenditure accounting. For instance, establish simple accounting procedures for small agencies with straight-forward transactions and more complex procedures for agencies with complicated operations the details of which are recorded into subsidiary ledgers.
 - Take the necessary steps to implement an Integrated Financial Management System (IFMS) in order to make financial data more timely, relevant and reliable for effective management of public resources.
 - Consider establishing a government-wide Information Technology Board with members from various ministries and other stakeholders. Develop an IT strategy for the Government as a whole and a public financial management reform programme to be implemented in the next five to ten years.
 - Train staff in the use of the revised reports as management tools rather than as tools used merely to seek approval from higher level authorities for finalisation of accounts.
- (ii) Streamline the internal control arrangements for monitoring and verification between the State Treasury Office and spending units, and ensure that a clear delineation of responsibilities is made in order to avoid duplication or overlapping of functions. Spending units should be responsible for checking the eligibility of expenditure from an operational point of view, and the State Treasury should be responsible from a financial point of view.
- (iii) Improve monitoring and accountability for budget implementation and complete a review of the Budget Law to provide more flexibility to lower level governments by providing them with more discretion and flexibility on setting local priorities in spending funds for the benefit of local communities.
- (iv) Simplify budget monitoring procedures by clarifying monitoring and reporting responsibilities at the national and sub-national level and by redesigning the reporting system to reflect the revised monitoring responsibilities for each level of government.

- (v) Improve overall coordination for financial accounting and reporting in the public sector and consider the designation (establishment) of a single office in the Ministry of Finance responsible for all accounting and reporting matters.

MANAGEMENT OF FINANCIAL RECORDS

- 34 Public awareness of corruption on virtually every continent has focused attention on the need for greater financial accountability. Public sector accountability, particularly financial accountability, is also a high priority on the bilateral and multilateral donors' aid agenda. Donor agencies are *de facto* stakeholders in financial management reforms through the provision of funding in the form of grants or loans for many public sector projects. They are beginning to recognise the need to strengthen records management systems as part of wider institutional capacity building and policy reforms.
- 35 Well-maintained records provide the basis for accountants to prepare financial reports on the management of state resources. These reports enable parliament and the public to see how financial resources have been accounted for and managed. Well-maintained records also permit independent auditors to give the public assurance that the financial reports are credible. Well-maintained financial records thus underpin good financial management and accountability and serve the needs of politicians, bureaucrats and citizens.
- 36 Reliable, timely and readily accessible information on spending is needed to get the best results from public expenditure. Public expenditure needs to be accurately recorded and reported by different spending units. Accurate reports need to be generated and be accessible across spending agencies and ministries, and sufficient budgetary information needs to be published to enable businesses and citizens to understand how public resources are being deployed.
- 37 The Auditor General's reports to the Prime Minister on government operations include comments on the strengths and weaknesses of record keeping by the institutions that are audited. Record keeping for recent years has been good, but it has been harder to find older records.
- 38 In principle most accounting documents can be destroyed after 20 years, but in Vietnam these records have been kept longer, sometimes as a basis for investigating cases of corruption, but mainly because there are few resources and little expertise to manage the destruction process. This has created problems for classifying financial records and it has resulted in a lack of storage space. It appears that insufficient staff and storage facilities are a problem in all ministries.
- 39 Another major problem area that may have an impact on the management of financial records is the need to prepare and enforce accounting standards for Vietnam in line with international accounting standards. Some World Bank funding has been provided for this to be completed in 2003/2004.

Responsibilities, Regulations and Retention Periods

- 40 Responsibility for the financial accounting regime for business and the state sector rests with the Ministry of Finance. There are four components: the accounting system, the financial documentation, financial record keeping and the reporting procedure. The membership tasks, powers and organisation are set out in Decree number 178 (October 1994). See Appendix B. The Ministry of Finance decisions and regulations on keeping accounting documents are at Appendices C and D.
- 41 The Regulations define accounting documents and the need for their classification and require them to be archived not later than 12 months after the end of the fiscal year. The Chief Accountant is responsible for assisting in the retention of the documents in suitable and safe storage conditions that are easily accessible and properly documented. For ease of retrieval, financial records are kept in the respective ministries (Chapter I of the Regulations).
- 42 Accounting documents used for management purposes must be retained for at least five years after the ending of accounting period. All accounting documents relating to accounting ledger posting and financial statements making should be kept for 20 years after the end of accounting period. Accounting documents that have economic or political significance for the entity, sector, locality are to become historical archives after 20 years (Chapter II of the Regulations).
- 43 After the end of the five, 20 or 25 years the accounting documents should be destroyed, with a proper record kept of the documents destroyed. Each entity should destroy its own accounting archives through an 'Archives Disposal Committee' comprising the entity leader, the Chief Accountant and the 'representative of archives' (Chapter III of the Regulations).

Records in the Ministry of Finance

- 44 There are separate decisions and regulations for Ministry of Finance documents (June 2002) at Appendices E and F. These define the type of financial documents to be kept as archive documents in the Ministry as records of budget management; financial accounting, legal and administrative policies; enterprise management; external finance, aid management and international co-operation; banking and financial institutions; public asset management; financial inspection; personnel and organisation; finance and accounting of the Ministry; science activities; rewards; management information; and other ministerial and political documents. The retention period for these documents is the same as for other accounting documents: five, 20 years or 25 years (paragraph 43 above). After the respective period, certain documents may be selected for archiving at the National Archives.
- 45 A visit to the ministry archive showed that financial records were easily located. Records were identified by department/division, box number, classification, voucher number and retention period and were kept in date order. The records appeared to go back for 15 years. An Archives Disposal Committee exists to take decisions on destruction when records are deemed to have no ongoing value.

Records in the Ministries of Transport, Health and Education

- 46 The Ministries of Transport, Health and Education were visited to gain a picture of financial record keeping. All financial records are registered as soon as they enter the financial system and assigned a unique identifier; they are dated and classified under a unified coding system. Where computerised systems are in operation, the unique identifier links the paper and computerised parts of the system. In the three ministries the use of computers is widespread but the software is not standardised.
- 47 All supporting documents are kept together with the accounting record and can be easily located. Not all departments within the Ministry of Transport keep a record of documents when they are removed temporarily from the system; consequently they can go missing. It was reported that generally auditors, internal and external, have been able to find financial records for audit purposes. Only authorised persons are given access to financial records.
- 48 In the Ministry of Education records were kept in an orderly manner. Some were over 50 years old and were awaiting consideration for destruction. This situation was partly due to the merging of four ministries in 1990. Records are generally not destroyed in the Ministry of Transport. Lack of storage space was reported in all the ministries.

Computerisation of Accounting Systems

- 49 Most big enterprises in Vietnam use electronic recording systems, as do most government departments. At the time of the visit, the Ministry of Finance was drafting general guidance on the computerisation of accounting systems. However, there will still be gaps in the regulations in relation to computerised financial and accounting records. For example, although there has been a decision on the use of electronic signatures, there are no detailed rules or regulations. Nor does the law recognise computerised transaction records, so every record has to be printed out. This is an area where the Government would appreciate having advice. Issues relating to the management of electronic records over time also need to be considered. These include storage, preservation and access of e-records, the integration of paper and electronic records, and the local capacity to manage and maintain these systems.
- 50 There are many IT providers in Vietnam, but the systems available are not harmonised. This has resulted in inefficiencies from overlapping procedures and inadequate management information. For example, information about suppliers of goods and services to the public sector is often duplicated or inconsistent and it does not meet the business requirements of government. These problems are being addressed in the proposed Public Financial Management and Accountability Project. (see Appendix H).

The National Archives

- 51 The National Archives Ordinance (2001) sets out the general provisions for the management and use of the National Archives. The provisions are concerned with the national heritage and address such issues as the collection, management, protection and destruction of official historical archives. The Archives has four centres and some 280 qualified staff, mainly university graduates.
- 52 The Archives Ordinance does not appear to give the National Archives jurisdiction or influence over other government records that are not defined as historical archives. Thus the Archives does not have responsibility for financial records except where these records are part of the historical national archive. Where financial records are deposited in a ministry, department or agency archives, the Archives does not appear to have responsibility for ensuring that the records are kept in good order. However in one ministry visited, the Archives had been to check the system and the ministry followed the guidance provided. After ten years, records regarded as historical are supposed to be transferred to the Archives for keeping.
- 53 The Archives Ordinance provides for such activities as training public employees engaged in the archival and filing work. Staff who look after financial records have been trained at the University of Accounting and Auditing before joining the Ministry. In theory, they then attend a short course on record keeping at a school run by the National Archives, although it is not clear whether this happens in practice.

RECORDS AND INFORMATION MANAGEMENT: KEY ISSUES

- 54 Vietnam has made good progress in strengthening financial management. It has not yet tackled the issue of managing financial records.
- 55 Although financial records can be readily accessed during audits, there are gaps in data recording and reporting, which are inconsistent across ministries. More and better information is needed on public expenditures.
- 56 The Ministry of Finance issues regulations and decisions on financial records that provide clear guidance on what records should be kept, for how long and in what conditions. This would appear to be a factor in the ease with which records can be located for audit purposes.
- 57 However, there is no national body responsible for auditing the standard for keeping current records and for building national capacity in this area. The national archives plays virtually no role in current records management. The role of the National Archives could be expanded as had been the case elsewhere.
- 58 Regulations and decisions issued by the Ministry of Finance permit the destruction of financial records after 20 years, but in practice, often this does not happen. As a result, inactive records are beginning to build up in the creating agencies, and this is beginning to cause storage problems.

- 59 The use of computers is widespread in government departments, and an IFMS has been proposed. Vietnam has not yet developed the capacity to manage electronic records. There has been a decision on the legal use of electronic signatures, but as yet there are no detailed rules or regulations. It is important that the issues involved should be examined as part of the public sector and financial management reform process and that capacity should be developed.

LIST OF PEOPLE CONSULTED

Ministry of Finance

Mr Pham Xuan Luc, Director, Accounting Policy Department, Ministry of Finance
Mdm Tuat, Manager of Accounting Division, Budget Department, Ministry of Finance
Mr Le Thi Bui, Head of Admin Division, Ministry of Finance
Mr Duon Duc Minh, Manager, Public Expenditure Management Department, Ministry of Finance
Mdm Nguyen Thi Chien, Deputy Director, General Statistical Office, Ministry of Finance
Mr Tran Duc Trung, International Relations Department, Ministry of Finance

World Bank

Mr Rakesh Nangia, Manager, Portfolio and Country Operations, World Bank, Vietnam
Mr Le Viet Hung, Financial Management Officer, Public Financial Management Reform Project, World Bank, Vietnam
Mr Kazi Matin, Economic Management, World Bank, Vietnam

State Archives Department of Vietnam

Dr Duong Van Kham, General Director, State Archives Department of Vietnam
Mr Tiet Hong Nga, Deputy Director, Research Centre, State Archives Department of Vietnam
Miss Nguyen Thi Nga, Archivist, State Archives Department of Vietnam

State Audit of Vietnam

Mr Vuong Dinh Hue, Deputy Auditor General, State Audit of Vietnam
Mr Nguyen Van Thai, Director, Administrative Department, State Audit of Vietnam

Ministry of Transport

Mr Nguyen Van Hung, Director, Financial Department, Ministry of Transport
Ms Nguyen Nguyet Nga, Expert, International Relations Department, Ministry of Transport

Ministry of Health

Mr Nguyen Nam Lien, Deputy Manager, Accounting and Finance Department, Ministry of Health

Ministry of Education and Training

Mr Nguyen Van Ngu, Deputy Director, Finance and Planning Department, Ministry of Education and Training

**MINISTRY OF FINANCE DECREE NO. 178-CP DATED
20 OCTOBER, 1994 OF THE GOVERNMENT**

On the tasks, powers and organisation of the Ministry of Finance

The Government

Pursuant to the Law on Organisation of the Government on the 30th of September 1992;

Pursuant to Decree No.15-CP of the 2nd of March 1993, of the government on Tasks, Powers and State Management responsibilities of the Ministries and Agencies at Ministerial Level;

Considering the proposals of the Minister of Finance and the minister-Chairman of the Government Commission of Organisation and Personnel.

Decrees

Article 1

The Ministry of Finance is an agency of the Government, which has the function of providing unified State management in the fields of finance, accounting and State budget in the whole country.

Article 2

The Ministry of Finance is responsible for carrying out the tasks and powers in State management stipulated in Decree 15-CP on the 2nd of March, 1993 of the Government and the following detailed tasks and power:

1. To guide the ministries, agencies at ministerial level, agencies attached to the Government and the People's Committees at provinces and cities directly under the central government, to draw up their annual draft State budgets.

To lead the coordinated work with the State Planning Committee in drawing up the draft State budget and project State budget allocations to the ministries, branches localities for the Government to submit to the National Assembly. To organise the implementation of the draft State budget approved by the National Assembly.

To review and codify the State budget balances of accounts of the ministries, agencies at ministerial level, agencies attached to the Government and the People's Committees at provinces and cities directly under the Central Government as well as of the mass of social organisations which receive funds from the State budget.

To draw up the final annual budget statement for the Government to submit to the National Assembly for approval.

2. To coordinate with the State Planning Committee in drafting medium-and long-term financial plans, the annual plans for socio-economic development and for capital construction and the other major balances of the national economy which are related to the State finance and budget.

To make suggestions to the ministries, agencies at ministerial level, agencies attached to the Government and the People's Committees at provinces and cities directly under the Central Government on their own development orientations, their financial investment policies, payrolls, wages, prices and other socio-economic policies related to finance and the State budget.

3. To draft laws, ordinances and other legal documents on taxes, fees and other revenues for the Government to issue or to submit to the Standing Committee of the National Assembly or the National Assembly for issue.

To unify the management and conduct of the collection of taxes, fees and other revenues for the State budget.

4. To manage the State budget fund, the State Financial reserve, the centralised fund of foreign exchange of the State budget, and the fund of temporarily seized or confiscated properties. To conduct the issuance of financial allocations from the State budget, to allocate capital for capital construction and to provide preferential loans for projects and programmes for the States economic targets in accordance with the regulations of the Government.

5. To undertake measures of financial support for the implementation of the socio-cultural targets under the programmes and projects on appointment by the Government.

6. To manage capital and the value of assets and natural resources owned by the State.

7. To provide unified management of the State capital and properties attached enterprises and businesses. To act as the Government-mandated owner of State capital and properties attached the enterprises. To check and codify the balance of accounts of the State enterprises.

8. To decide on suspension and recovery of the money already issued to agencies and units which have spent it on wrong purposes, not in line with the already approved plans or in violation of the State regulation on Financial management; and attach at the same time report to the Prime Minister on the Ministry's decisions.

9. To provide unified management of the loans and debt payments (of both domestic and foreign sources) of the Government; to provide financial management of international aid. To take part in the financial evaluation of the projects with foreign capital, which the Government has assigned to ministries, agencies at ministerial level, agencies attached to the Government and the People's Committee at provinces and cities directly under the Central Government for implementation. To prepare documents

related to the country's imminent participation in international conventions on financial matters and submit them to the Government for decision.

10. To provide State management of the insurance business and service, the insurance of shares and bonds, the social funds, lottery, the audit and accounting services and the other financial services; to take part in the management of the capital market.
11. To conduct financial control and inspection of all administrative and self-managed organisations, State enterprises and the other subjects related to the State finance.
12. To represent the Government attached international financial institutions on assignment by the Government.
13. To manage the contingent of financial, accounting and audit cadres and employees as stipulated by the Government.

Article 3

The organisation of the Ministry of Finance:

A. *The assisting staff for the Minister to discharge his/her State management function:*

1. The Department of Financial Polices,
2. The Department of Accounting Regime,
3. The Department of State Budget,
4. The Department for Finance of National Security and Defense (Department I for short),
5. The Department for Finance of Banks and Financial Organisations,
6. The Department for Finance of Administrative and Self-managed units,
7. The Department for Management of Public Property,
8. The Department of External Finance,
9. The Department of External Relations,
10. The Department for Management and Reception of International Aid,
11. The Board for Management of Informatics Application,
12. The Department of Finance and Management,
13. The Department of Personnel and Training,
14. The Office of the Ministry.

B. *The attached specialised State management agencies:*

1. The General Department of Taxation.
2. The State Treasury,
3. The State Financial Inspector.
4. The General Department of Management of State Capital and Property at Enterprises,
5. The General Department of Development Investment.

The tasks, powers and organisations of the specialist management agencies are provided for by the Government in separate documents.

C. *The attached specialized services:*

1. The Institute of Financial Science.
2. The Financial and Accountancy Colleges in Hanoi and Ho Chi Minh City and the Financial and Accountancy Secondary Schools in Hai Hung, Quang Ngai and Ho Chi Minh City.
3. The Centre for Refresher Training of Financial Workers.

The tasks, organisational structure and payrolls of the attached specialised services are defined by the Minister of Finance, in compliance with the State regulations.

D. *The other units attached to the Ministry of Finance shall be organised and operated according to the regulations of the Government.*

Article 4.

This Decree takes effect as from the date of its issuance. Decree No 155-HDBT of the 15th October, 1998, of the Council of Ministers (now the Government) which provided for the functions, tasks and organisation structure of the Ministry of Finance and the other previous documents which are contrary to this Decree are now annulled.

Article 5.

The Minister of Finance, the other Ministers, the Heads of agencies at ministerial level, the Heads of agencies attached to the Government and the Presidents of the People's Committees of provinces and cities directly under the Central Government are responsible for the implementation of this Decree.

ON BEHALF OF THE GOVERNMENT
THE PRIME MINISTER

VO VAN KIET

Ministry of Finance
No.218/2000/QD-BTC

Socialist Republic of Vietnam
Independence -Freedom - Happiness

Hanoi, 29 December, 2000

Decision of the Minister of Finance

On the issuance of Regulation on keeping accounting documents

Pursuant to the Ordinance on Accounting and Statistics dated May 10, 1988;

Pursuant to the Ordinance on protecting national material dated November 11, 1982;

Pursuant to the Decree No. 15/CP dated March 2, 1993 of the Government on the authority, right and administration responsibility of Ministries, ministerial equivalent bodies;

Pursuant to the Decree No. 178/CP dated October 28, 1994 of the Government on the assignment, authority and organisation of the Ministry of Finance;

According to the agreement of State Archives at the Note No. 521/TTNC-LTNN dated November 2, 2000

Upon the proposal of the Director of Accounting Policy Department and Chief of the Office of the Ministry of Finance,

Decides:

Article 1:

To issue in conjunction with this Decision the Regulation on keeping accounting documents applicable to business enterprises belonging to all economic sectors and businesses; administration units, military units, politic organisations, social organisations, politic/social organisations, social organisations using State budget and collective budget.

Article 2:

The Regulation on keeping accounting documents issued in conjunction with this Decision is applicable nationwide from January 01, 2001. All previous Regulations on keeping accounting documents which contradict with this Regulation will be abolished.

Article 3:

Ministries, ministerial equivalent bodies, Government Affiliates, People's committee of Central Affiliated Provinces and cities, Central agencies of social organisation shall be responsible for the implementation of this Decision in subordinated units.

For the Minister of Finance
Vice minister

Tran Van Ta
(Signed and sealed)

Ministry of Finance

**Socialist Republic of Vietnam
Independence – Freedom – Happiness**

Regulation on keeping accounting documents

(Issued in conjunction with Decision 218/2000/QD/BTC dated December 29, 2000 of the Minister of Finance)

Chapter I

General Regulations

Article 1:

Accounting documents kept according to this Regulation are original, written versions and would have accounting validity, including:

Accounting documents including: source document voucher.

Accounting records including: Sub Ledger and General Ledger

Financial Reports including: Monthly, quarterly and annual Financial Reports.

Except above-mentioned documents, relative accounting documents used as the base for documents relating to economic activities (such as economic contract, borrowing contract, borrowing agreement, joint-venture contract etc); documents relating to capital, fund, profit (such as Decision on supplement capital from profit, Decision on providing profit into Funds etc); documents relating to budget revenue and expenditure, budget utilisation (such as Final accounting of Budget utilisation, Final accounting of Investment Capital etc); documents relating to tax liability (such as Decision of tax reduction, relief, tax refund, annual tax final accounting etc); documents relating to asset evaluation and statistic (such as evaluation report etc); documents relating to inspecting, auditing, investigating (such as inspecting, auditing, investigating conclusion etc); documents relating to computer accounting program; documents relating to accounting documents disposal.

Article 2:

If recorded on disks and paying cards, accounting documents stipulated in Article 1 should be printed out before keeping as archives and should comprise all legal requirement for accounting documents such as the form, signature, stamp, code.

Article 3:

Procedures for archiving accounting documents should be adequate and systematic, must be classified in to set of documents. In each set, accounting documents should be sorted out in reasonable way, according to time order for each accounting period, to ensure that it is easy to use and search.

Article 4:

Procedures for accounting documents keeping as archives should comply with following regulations:

Accounting documents for completed accounting periods that will not be used for the following accounting period should be put into archives not later than 12 months after the end of fiscal year.

Accounting documents about Final Accounting of Investment Capital of completed project should be put into archives not later than 12 months after the Final Accounting of Investment Capital is approved.

Accounting documents relating to liquidation, bankruptcy, equalisation, property rights transferring should be put into archives not later than six months after those activities ended.

Article 5:

Archives is stipulated as follow:

Accounting documents of an entity should be kept in the archives of this entity.

Accounting documents of joint-venture company and 100% foreign owned company in operational time in Vietnam under the Investment license should be kept within Vietnamese territory.

Accounting documents of liquidated or bankrupted companies (including joint-ventures, 100% foreign owned company) consist of accounting document of all fiscal years and accounting documents relating to the liquidation and bankruptcy should be kept in the body making the establishing Decision (issuing license) or the body issuing business registration.

Accounting documents of equitised company or the company that property right was transferred, including accounting document of all fiscal years and accounting document relating to the equitisation and property right transferring should be kept at entity of new owner or kept at the office of the authority making Decision on equitisation, property right transferring.

Accounting documents of completed fiscal year of divided entities: If accounting document is accordingly divided, it shall be kept at new entity; if accounting is not divided, it shall be kept according to the decision of authority making dividing decision. Accounting documents relating to the dividing process shall be kept at new divided entity.

Accounting documents of completed fiscal year and accounting document relating to the merger of merged entity shall be kept at new merged entity.

If the entity does not have archives, they can ask other archives to keep their accounting documents based on archives rental contract. This contract must clearly state the responsibility of each party for accounting documents, rent amount and payment method.

Article 6:

In each entity, the chief accountant or accounting leader is responsible to help the entity director (or entity leader) organise, classify, sort out accounting document and put them into archives.

Article 7:

Accounting documents should be kept according to current State regulations State on protecting documents. Accounting documents should be kept at unit's archives stores. These stores must be adequately equipped with preserving facilities to ensure safe conditions such as shelf, filing cabinet, means to prevent fire, moisture, flood, termite, mouse etc.

Entity leader should take the responsibility for the safety, adequacy and the legitimacy of accounting documents that are kept at this entity.

Article 8:

Entities should open "Record of accounting documents kept in archives" to record and monitor accounting documents. Main contents of record are: Type of document, number, date of putting document into archives, status of document when being put into archives, term of keeping.

Article 9:

Person charged with managing, preserving documents shall be accountable to the leader of entity and held responsible for the loss, destruction and other accident of document caused by his subjective faults.

Without the written permit or authorisation of entity leader, the archivist shall not show archives to any individuals, organisations as well as allow these person organisation to use these documents. In cases where accounting documents are in the danger of being lost, worm-eaten, the archivist must promptly inform leader of entity to make settlement.

Article 10:

Accounting archives have full validity in any investigation case, and can be legally used. The examination of archives can be undertaken with the written agreement or authorisation of the leader of entity.

In case State agency having authority stipulated by Law require entity to show their archives and bring them outside the entity office, entity and State agency official should make a "Report of giving and receiving accounting archives". Beside contents as a normal Report of giving and receiving archives", "Report of giving and receiving accounting archives" should clearly state the type, quantity, time, current status, period for use and return of accounting archives.

Entity should be responsible to provide archives for Taxation Agencies, inspecting bodies and State authorities charged with investigation and inspection mission. Those agencies taking responsibility to maintain and preserve these archives in using time, must return them promptly and in good condition.

In case it is stipulated by Laws, judging agencies can make Decision of seizing the original version of accounting archives to use as evidence, the entity should keep the copy version. While seizing accounting archives, judging agency and entity should make a "Report of seizing accounting archives".

Article 11:

All accounting archives which are being used in accounting period or waiting to be kept as archives according to Article 4 of this Regulation should be managed, preserved and used according to current accounting regulations.

Chapter II

Accounting archives retention periods

Article 12:

All accounting archives stipulated in Article 1 of this Regulation should be classified, preserved according to the following terms:

The minimum term of five years.

20 year term.

Over 20 year term.

Article 13:

Accounting documents used for management purposes, not directly used to post to accounting ledgers and making Financial Statement (such as inventory, spending and collecting ...) should be kept at archives at least for five years after the ending of accounting period.

Article 14:

All accounting documents relating to Accounting Ledger posting and Financial Statement making should be kept for 20 years, details as follows:

Accounting documents of accounting period: should be kept for 20 years following the end of accounting period.

Accounting documents of Investment entity, including accounting document of accounting period, accounting documents of Final Accounting Report of Investment Capital of completed project, should be kept for 20 years following the Final Accounting Report of Investment Capital is approved.

Accounting documents relating to fixed assets, including documents relating to asset liquidation, leasing, should be kept for 20 years since these asset is liquidated.

Accounting documents relating to liquidation, bankruptcy, equitisation, property right transferring should be kept for 20 years since those activities ended.

The Disposal Report of accounting archives and accounting relative document should be kept for 20 years since these reports are made.

Article 15:

Accounting documents to be kept for over 20 years are historic documents, have economic, politic significance for entity, sector, locality, such as:

General accounting Ledgers.

Annual Financial Reports.

Files of Final Accounting Report of Investment Capital of completed Project

Other accounting documents.

For the identification of which document to be kept for over 20 years: the entity and authority will base their decision on the historic features and the significance of document to determine for each case and assign accounting department or other department to keep the document in source form or other form.

Article 16:

Accounting documents, after keeping term of five year or 20 year, if relate to dispute or claim that was, are being or not yet judged should apply current regulations or decision of authority instead of Article 13, 14, 15 of this Regulation.

Article 17:

In case accounting archives are damaged or lost due to acts of God, fire, entity should establish Committee on recovering and salvaging archives headed by a chairman who is entity leader, Chief accountant and the representatives of relevant Department. The duties of Committee are:

Make every attempt to recover and preserve archives that is possible to be recovered.

Identify quantity of lost archives, damaged archives and archives in good condition.

Making report on the status of accounting archives according to type of document. This report should be retained for the same period as stipulated for the retaining of damaged archives.

Chapter III

Disposal of accounting archives out of retention period

Article 18:

Accounting archives that out of retention period according to this Regulation, without requirement of other individual or State body, are authorised to be destroyed under the decision of entity leader. The disposal of archives should follow the following regulation.

Article 19:

Disposal procedure of archives which are outside retention period:

Each entity should destroy their accounting archives;

The entity leader should make a decision of on the establishment of an “Archives Disposal Committee”. This committee should comprise entity leader, Chief accountant and the representative of archives;

Archives Disposal Committee should assess, classify archives, establishing “List of destroyed archives” and “List of archives kept for over 20 years”;

Entity should make “Report of destroying accounting document out of retention period” before destroying archives. Beside contents stipulated for a normal disposal report, this report should clearly state: type of destroyed archives, retention period, disposal method, conclusion and signature of Committee’s member.

“Report of destroying accounting document out of retention period”, “List of destroyed archives” and “List of archives kept for over 20 years” shall be the base for “Report of accounting archives”, this report should be kept for 20 years in the entity.

Article 20:

Accounting archives should be destroyed at the same time with the establishment of “Report of destroying accounting document”. According to specific condition, entity can choose measure to destroy archives: fire, cutting, tearing, to ensure that destroyed archives cannot be used again. If entity plan to recycle destroyed archives, it should be fully destroyed before bring out of office.

Chapter IV

Implementation

Article 21:

This Regulation comes into effect from January 1st, 2001. Previous regulations contradicting this regulation shall be abolished.

Article 22:

According to nature and scope of the violation, any action damaging or destroy archives or result to the loss of archives shall be administratively penalised or treated according to the laws.

Article 23:

Specific sectors and fields (such as Banking, Stock Market) should base on this Regulation to collaborate with Ministry of Finance and State Archives Department to build up their own regulation on keeping archives based on the Regulation.

For minister of Finance

Vice Minister

Tran Van Ta
(Signed and sealed)

**Ministry of Finance
No. 71/2000/QĐ-BTC**

**Socialist Republic of Vietnam
Independence – Freedom – Happiness**

Hanoi, June 04, 2002

Decision of the Minister of Finance

On the issuance of Regulation on nomenclature, retention periods for archive documents, procedures for the collection, maintenance and use of the archive documents of Ministry of Finance

- Pursuant to the Ordinance on National Archives dated April 15, 2001 of the X National Assembly's Standing committee of Vietnam;
- Pursuant to the Decree No. 142/CP dated September 28, 1963 of the Government on the rule of archive activities.
- Pursuant to the Decree No. 178/CP dated October 28, 1994 of the Government on the assignment, authority and organisation of the Ministry of Finance;
- Upon the proposal of Chief of the Office of the Ministry of Finance,

Decides:

Article 1:

To issue in conjunction with this Decision the Regulation on nomenclature, retention period for archive documents, procedures for collecting, maintaining and using archive documents of the Ministry of Finance.

Article 2:

To assign the Ministerial Office which shall be responsible for guiding, checking, supervising and speeding up implementation of this Decision.

Article 3:

This Decision shall take effect after 15 days from the signing date. Directors of the Ministry of Finance's Departments shall be responsible for the implementation of this Decision.

For the minister of Finance

Vice minister

Pham Van Trong

(Signed and sealed)

Regulation

Nomenclature, retention periods for archive documents, procedures for collection, maintenance and use of archive documents of Ministry of Finance

(Issued in conjunction with Decision 71/2002/QD/BTC dated June 4, 2002 of the Minister of Finance)

Part I

General Regulation

1. Archive documents are official documents, original ones or hard copy of these documents made by written, typewriter, photograph, tape-record and video-record, e-documents and other type of valuable documents of Ministry of Finance (MOF) need to be kept as archives at archive division of the Ministry of Finance to maintain, use for researching, looking up and study for financial management activities.
2. The archive documents to be kept as archives sufficiently, orderly and to be classified separately. These documents should be kept orderly based on time, professional criteria to ensure ease of use, studied in the important cases.

Part II

Concrete regulation

I Nomenclature of archive document

The documents are kept as archive at archive division of the Ministry of Finance including original documents or copy of document made by the Ministry of Finance in accordance with functional departments as follows:

1) State budget management documents.

- Documents submitted to the Ministry of Finance by line ministries, sectors and all levels of government. - Documents submitted to Minister relating to budget allocations for line ministries and all levels of government. - Documents of the Ministry of Finance submitted to the Communist party, the Government and the National Assembly. - Documents related to developing socio-economic development plan and annual State budget estimation. - Decisions on allocating State budget estimation for line ministries, sectors and all levels of government (current and capital expenditure). - Documents of authorities on reallocating State budget estimation for line ministries, sectors and all levels of government. - Monthly reports on revenue and expenditure of local governments. - Reports on State budget implementation of line ministries, sectors and all levels of government in term of annually and 6 months. - Annual final reports on State budget of line ministries, sectors and all levels of government. - Reports on implementation of investment plan, project disbursement of line

ministries, sectors and all levels of government. - Final reports on investment capital. - Decisions on approval of final report of Group A projects. - Annual final reports on State budget revenue and expenditure.

2) Documents on financial and accounting, legal and administrative policies.

- Documents on developing 5, 10 year strategies of financial sector, annual financial plan. - Financial and accounting documents promulgated by the Ministry of Finance or the Government. - Guiding Documents on legislation. - Documents on legal document system. - Documents on administrative reforms.

3) Documents on enterprise management.

- Annual final financial reports of enterprises. - Document on capital transfer for enterprises. - Documents on enterprise equalisation. + Documents on enterprise evaluation. + General record on enterprise. - General records on transforming, selling and equalising State Owned Enterprises (SOEs) - Documents on favourable loan to reserve agricultural products. - Documents on favourable conditions to electric and irrigation fees. - Record on rewarding for export revenue. - Inventory documents and documents after inventory. - Other documents.

4) Documents on external finance, aid management and international cooperation.

Documents on foreign debt management. - Project documents related to loan agreement of WB, ADB, IMF and other Governments. - Documents related to FDI projects in Vietnam. - Guideline documents on international cooperation of the Ministry of Finance. - Annual reports on the implementation of international cooperation activities of the Ministry of Finance. - Documents on foreign funded projects to the Ministry of Finance. - Documents on allocation report and final report of foreign currency relating to importing equipment for security, expenditure of Vietnamese representatives around the World... - Documents on grant of other Government, UNDP organisation, EC, NGO... + Documents approved by the Government. + Agreement signed with donors. + Other documents related to projects.

5) Documents on banking and financial institutions.

Hard copy of record relating to license on establishing, operating of domestic and foreign insurance businesses in Vietnam. - Record relating to license on establishing foreign insurance representatives in Vietnam. - Annual financial reports of lottery companies. - Final financial reports of State Bank of Vietnam, State securities Committee and Investment Fund.

6) Documents on Public asset management.

Documents on asset inventory, inventory reports of line ministries, sectors and all levels of the government and other inventory reports. - Annual reports on increase, decrease in fixed assets of line ministries, sectors and all levels of the government. - Documents on using and managing working offices of central agencies. - Reports on public asset management of local government. - Records on public asset management.

7) Documents on financial inspection.

Guidelines on financial inspection activities of the Ministry of Finance and the Government. - Regulations on inspection activities. - Annual financial inspection plan. - Final reports on financial inspection activities. - Official reports on financial inspection. - All the documents related to an inspection affair.

8) Documents on personnel and organisation.

All the documents relating to personnel and organisational activities of MOF and the Government. - Documents on organisation, task, power of the Ministry of Finance's Departments. - Documents on working regulation of the Ministry of Finance's Departments. - Documents on organisational master plan of financial sector. - Documents on recruitment, promotion, rewards and breaches to civil servant and staffs. - Annual reports on statistics of quality, quantity of the Ministry of Finance's civil servant and staffs. - Annual reports on statistics of salary. - Records on training courses of the Ministry of Finance.

9) Records on financial and accounting documents of the Ministry of Finance.

All the guideline documents on financial-accounting activities within the Ministry of Finance. Records on budget management of the Ministry of Finance's Departments. + Annual budget estimation have been approved. + Reports on budget implementation, final reports on budget expenditure and revenue. + Annual reports on budget approval. - Annual general inventory report on asset of whole financial sector. - Records on fixed asset management (transfer, liquidation) - General reports on inventory and revaluation of assets at all levels of agencies. - Records on transferring fixed assets. - Records on financial inspection documents in the Ministry of Finance's Departments. Documents on construction management of financial sector. + Annual reports on plan and implementation of construction investment in the long term and annually. + Records on feasible construction projects of the Ministry of Finance's Departments. + Records on repairing construction projects of the Ministry of Finance's Departments. + Records on financial final reports of construction projects of the Ministry of Finance's Departments.

10) Documents on science activities.

All the guideline documents on science, technology activities of the Ministry of Finance. - Records on reviewing long term, annual science and technology activities. - Documents on programme of actions of the Ministry of Finance's science Council. - Records on science research study at State and Ministerial levels. + Decision on science theme. + Plan of actions. + Review of Science Council.

11) Documents on rewards.

All the guideline documents on reward activities of financial sector. - Records on reward regulation of the Ministry of Finance. - Annual records on reward activities of the Ministry of Finance. - Annual records on process of reward approval.

12) Ministerial Office documents need to be kept as archive

Documents on plan of actions, 6 month and annual summation reports of MOF. - Decrees, resolutions, decisions of Prime Minister of the Government. - All the documents of the Ministry of Finance. - Records on meeting of ministerial leadership.

13) Records on activities of Communist Party, Youth Union and Trade Union.

* Documents on activities of Communist party. - Guideline documents on implementation of Communist party activities. - Records on congress of delegates. - Records on programme of congress of delegates.

- General reports on old term of programme of actions and new plan for programme of actions.
- Records on speeches.
- Records on reviewing of executive board.
- Record of evidence on name list of executive board, Decisions approved by superior executive board.
- Record of evidence of congress of delegates and resolution of congress of delegates.

- Programme and reports on annual programme of actions of Communist Party. - Plan and reports on implementation of resolution of Communist Party. - Documents on personnel and organisation of Communist Party. - Record of evidence.

* Documents on activities of trade union - Records on congress of delegates of trade union. - Programme and reports on annual programme of actions of trade union. - Plan and reports on implementation of resolution of the Ministry of Finance's trade union. - Records on congress of delegates of the Ministry of Finance's trade union. - Records of evidence.

* Documents on activities of Youth union - Records on congress of delegates of Youth union. - Programme and reports on annual programme of actions of Youth union. - Plan and reports on implementation of resolution of the Ministry of Finance's Youth union. - Records on congress of delegates of the Ministry of Finance's Youth union. - Records of evidence.

14) Board for management of informatics Application

a) Bidding documents:

Request for tender + Tender application + Annual accounting reports of agency (three year period). + Tax registration documents. + Business license of company. + Name list of project staffs. + Solution order - Technical documents + Provided equipment + Equipment cattalo + Pricing list for tender. - Records on bidding process. + Decision on establishing tender council. + Documents on bidding invitation. + Record of evidence on bidding documents. + Records of evidence on order checking. + Name list of tender companies. + General reports on bidding result + Approval on bidding result. + Inform bidding result to tender companies.

b) Documents on software

Investigate documents - Analytic documents. - Guideline documents. - Record of evidence on result of implementation.

c) Documents on scheme

Framework of developing scheme + Requesting documents. + Decision approved by the Ministry of Finance - Scheme documents: Project management unit is responsible for completing the project. - Scheme documents have been approved. + Decisions on establishing Council for project approval/ checking and taking over project. + Approval Decision of the Ministry of Finance

d) Final reports

15) Other relevant documents

II Documents shall not be kept as archive

All the legal documents have been sent to the Ministry of Finance's Departments. - All the copies of official documents of other agencies that have not been related to important work of the Ministry of Finance or not to be used in the future. - All the circulars of line ministries and sector shall not be kept as archive. - All the documents signed by the Ministry of Finance's Departments shall not be kept as archive.

III Time limit for collecting, keeping as archive of documents.

1) All the documents need to be kept as archive at archive division of the Ministry of Finance after 1 year kept at the functional departments. After 1 year, these documents shall be kept as archive at archive division of the Ministry of Finance.

- All the documents promulgated by the Minister of the Administrative division shall be kept as archive after the first quarter of the year.

- All the documents of the Ministry of Finance's Departments shall be kept as archive after the second quarter of the year. These documents must be used for finishing work of the previous years. (list of these documents regulated at point 1 of part I).

- All the documents shall be kept as archive including records, documents related to complete works of the previous year. These documents shall be coded and listed.

2) In the important cases, the documents shall be kept as functional departments for studying longer than time limit mentioned above. The Department shall inform to archive division of the Ministry of Finance to keep these documents.

3) All the civil servants shall hand over documents to their Departments or their colleagues before retiring, moving to other agencies, participating long term training courses.

4) Time limit for collecting and retention as archive of accounting documents shall be compliance with Decision No 218/2000/QD/BTC dated on December 29, 2000 of Minister of Finance on the issuance regulation on keeping accounting documents.

5) Archive division of the Ministry of Finance is responsible for implementation of receiving archive documents from the Ministry of Finance's Departments; regular assessing these documents to:

- Determine document retention period. - Send the archive documents to National Archive Centre in accordance with regulation of National Archive Department. - Classifying overdue documents to destroy. - Prohibit functional Department destroy documents by themselves. All the documents need to be destroyed as regulated. - Destroying Council shall be established to destroy overdue documents. The Council consist of Director of Ministerial Office-Chairman, Directors of functional Departments – members and 1 representative of National Archive Department.

6) All the archive documents shall be kept in good conditions at archive division of the Ministry of Finance. The division shall be prevented from any dangers such as fire, stolen cases.

IV Regime on using archive documents

1) Director of Ministerial Office makes regulation on using archive documents at the Ministry of Finance archive division.

2) All the archive documents have been used to meet demand of the Ministry of Finance staffs and other State agencies. Archive document users shall be compliance with the regulations on archive.

3) Staffs of other agencies shall be appointed by their Directors and approved by the Ministry of Finance ministerial office Director before using the Ministry of Finance's archive documents.

4) All the confidential documents shall be classified and kept in safe box with safety lock. These locks shall be well managed. In the case of bringing confidential documents to do business, it is needed to be approved by the Director. He or She must be responsible for keeping these document in the security conditions. - Using and managing data in the computer shall be regulated by Law.

V Responsibilities of agencies, individuals in the implementation of regime on collecting, maintaining, using archive documents of the Ministry of Finance

1) Ministerial Office is responsible for collecting, managing archive documents within the Ministry of Finance; guiding, checking and supervising and speeding up the Ministry of Finance's Departments to send the documents to the Archive division. Developing tools for looking up these documents; safety maintaining and using these documents in accordance with the regulation. Selecting documents for keeping as archive at National Archive Centre in accordance with State regulations.

- 2) Directors of the Ministry of Finance's Departments are responsible for supervising and speeding up their staffs in the implementation of sending the archive documents to the Archive division under the decisions.
- 3) State Treasury, General Department of Taxation, National Reserve Department are responsible for implementing the decision and guiding their divisions doing it as regulated.
- 4) Director of financial management Department is responsible for providing capital and equipment to protecting activities of the archive documents of the Ministry of Finance.
- 5) Board of informatics management and application is responsible for setting up management programme to make good conditions for looking up the archive documents.
- 6) If loss and damage is caused by breach, civil servant or State administration body must pay compensation in accordance with the Law.
- 7) Ministerial Office is responsible for solving any troubles and difficulties in the process of implementation this Decision.

On behalf of Minister

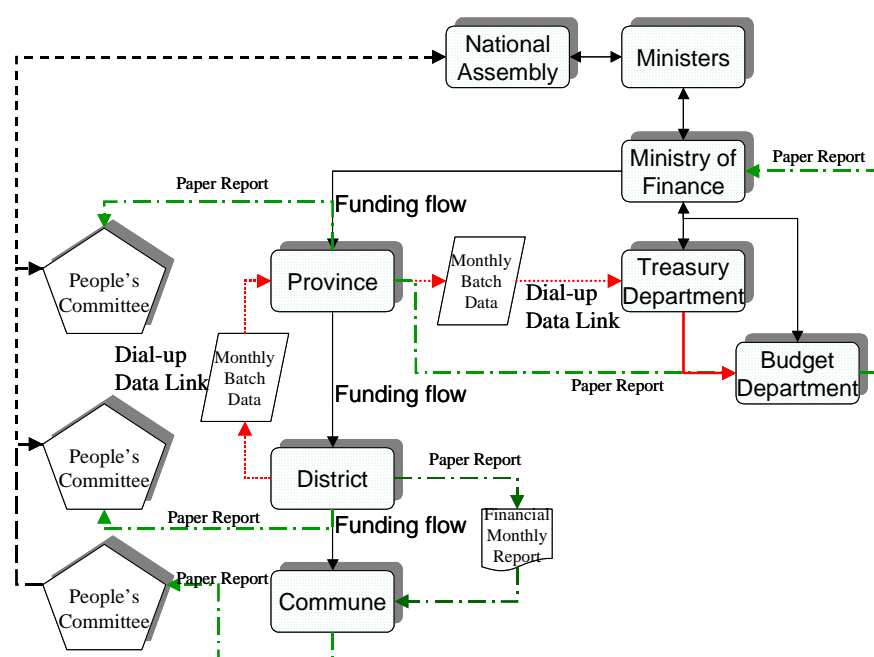
Vice Minister **Pham Van Throng** *signed and sealed*

VIETNAM RESPONSIBILITY STRUCTURE

The following diagram summarises the current financial arrangements. This structure should reinforce the authority and independence of the provincial structure with the devolution processes reflected in the Prime Minister's stated policy and the amendments to the Budget Law, to take effect later in 2002.

This diagram shows the funding flows to the provinces as distinct from the ministries and the current reporting structures. No reporting linkages are shown between the provincial structures and the ministries, although some provinces do provide information to some ministries.

The exception to this structure is the State Treasury, which has representatives in each province and district office to conduct its revenue, expenditure and budget responsibilities.



Source: Vietnam Public Financial Management & Accountability Project
 FMIS – Key Issues relating to Required Functionality, System design, Operational
 Environment and Procurement
 February/March 2002

PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY PROJECT VIETNAM⁵

OBJECTIVES

The objective of the Public Financial Management Reform Project (PFMRP) is to strengthen budget planning, execution, reporting and accountability. The current systems and processes have some important strengths, and the Government has made steady progress in addressing the weaknesses. Nevertheless, there is an urgent need for further, accelerated reform to strengthen and integrate core treasury and budget management information systems; to strengthen the links between budget management and the developmental goals set out in the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS) within a medium-term expenditure framework; and to improve the management of public debt.

DESCRIPTION

The PFMRP will finance an integrated package of assistance to strengthen budget planning, execution, reporting and accountability. This will include Technical Assistance to support institutional reform and policy development; training and capacity building; and a major upgrading of systems for public financial management. By the end of the project, an effective, integrated Treasury and Budget Management Information System will be operational in all central, provincial and district treasury offices; modern budget planning approaches will have been established in the Ministry of Finance, Ministry of Planning and Investment and in four pilot sector ministries; and strengthened approaches to the management of public debt will have been established in core government agencies, including integrated processes for recording of domestic and external debt and for analysis and management of fiscal risk.

Component 1: Strengthening Treasury and Budget Management Information Systems

Component 2: Strengthening State Budget and Investment Planning

Component 3: Strengthening Management of Public Debt

Component 4: Project Management Support

⁵ source World Bank "Vietnam – Public Financial Management reform Project, Report No PID11065, March 2003

Financing

IDA: \$42.5 million

UK: Department for International Development: \$10 million

Total Project Cost \$52.5 million

Implementation

Implementation period: World Bank FY04 - FY08; Government of Vietnam FY03 - FY08