

In the survey and report we have endeavored to identify the more significant program areas, relate them to the surveillance by the 15 principal audit or inspection organizations or units having responsibilities there, and point up the areas in which more effective surveillance effort seems to us most needed. Generally these are well known to the departments and agencies concerned. Our purpose in reporting them in this fashion is to provide helpful information for the Congress, its Committees, and the executive agencies by presenting, in reasonable perspective, something of the scope of our United States programs, and the related departmental audit and inspection responsibilities in Vietnam. In so doing we have duly recognized the unique problems caused by the conditions under which the programs are being conducted there, and the related fading of normal boundaries of responsibilities between civil and military activities.

In this connection we have included in the report a tabulation designed to identify in the briefest fashion (1) the work which we found being done in Vietnam by the respective agencies to carry out their responsibilities for internal audit, inspection, and management review, (2) some of the more important and more pressing areas in which we believe greater agency efforts are needed, (3) actions taken by the agencies toward more effective review and corrective measures since the time of our field work in March 1966, and (4) any further plans which the agencies have stated to us.

The most significant problem areas in terms of magnitude, vulnerability to operational and management deficiencies, and consequent waste in regard to economic assistance are the commercial import program and the rural construction (formerly counterinsurgency) program. The commercial import program consists of the importation by Vietnamese importers of needed commodities, financed by the United States, through commercial channels. The rural construction program is the major economic assistance effort applied directly to the Vietnamese populace.

Substantive-type audits had been completed or were in process for parts of the economic assistance, commercial import, and rural construction programs, relating to about \$67 million from July 1, 1964, to the time of our survey in March 1966. Those programs totaled approximately \$800 million for the 2 fiscal years 1965 and 1966. Most of the audit work done has been by the Mission Audit Staff of the Agency for International Development. Formal audit reports, where issued, have pertained to relatively narrow segments of programs, although their stated scope indicated adequate coverage of the specific areas involved. For example, one report covered end-use observation of \$3.5 million of a \$72 million iron and steel import program for fiscal years 1960 to 1964.

Special-purpose inspections and investigations also have been performed, principally by the Management Inspection Staff of the Agency for International Development and by the Inspector General of Foreign Assistance.

In view of the known difficulties in effectively carrying out the economic assistance program in Vietnam, there appears to be an urgent need for a continuing evaluation of program makeup and performance for agency top management use. We believe that there is a particular need for increased surveillance of the operations involved in the receipt, distribution, and end use of the huge quantities