The major part of DOD funds, excluding those converted to piasters, were used to provide commodities. Also about 31 percent of AID's funds used in CORDS programs were for the procurement of commodities under the two largest of CORDS civil programs—the War Victims and Public Safety programs. Our review of the controls over the distribution and use of these and other commodities provided under the Public Law 480 program showed a number of weaknesses, which are discussed below.

**NEED FOR CONTROLS OVER COMMODITIES PROVIDED FOR WAR VICTIMS RELIEF**

We found that large quantities of food provided by the United States under the Public Law 480 program had spoiled and that other commodities had not been used or had been diverted and improperly used because reliable controls had not been established over commodities for war victims.

During our review we attempted to trace a test selection of commodities from the point of receipt in Vietnam through the Vietnam Government's logistical system. Because records were poor or were nonexistent, we were unable to trace some of the commodities included in our test. In our examination of available documents and our discussions with U.S. and Vietnamese officials, however, we learned of instances of improperly managed or diverted U.S.-provided commodities. We believe that the logistics system needs much improvement. For example, we found that:

--- About 13,000 tons of food, valued at nearly $3 million, had spoiled in a warehouse near Saigon. On our trips to the field, we found food spoiling in province warehouses.

--- 550 sewing machines, intended for use by war victims, had been given to ineligible recipients, such as Vietnamese senators and the Mayor of Saigon.

--- Tool kits, carpenter kits, and other commodities, procured at a cost of $200,000, had remained unused in Vietnamese warehouses for over 3 years.
CORDS had ordered unneeded tents valued at $300,000 and had programmed the purchase of additional unneeded tents valued at $180,000. We noted an apparent loss of accountability of tents valued at $400,000 from a warehouse in Sa Dec Province.

Near the conclusion of our review, we informed CORDS headquarters in Saigon of the problems we had noted. CORDS later informed us that it had initiated a joint CORDS-AID effort to correct some of the problems described above.

In our discussions with AID officials, they pointed out that an element of food spoilage was inherent in the prepositioning of food stocks for emergencies.

NEED FOR IMPROVED MONITORSHIP OF EXCESS OR UNUSED NATIONAL POLICE COMMODITIES

We found that CORDS had been successful in establishing a reliable distribution system for National Police commodities. In tracing items through the system, we found satisfactory accountability in the national and field warehouses and in the individual police units. We found, however, that CORDS had not taken action to redistribute equipment which had become excess to police requirements.

For example, we found that weapons and gas masks, valued at about $340,000, had been stored in the Saigon warehouse for over 2 years. These items were originally ordered to meet anticipated strength increases. Since the increases did not materialize, these items eventually became excess. Some of these items were M-16 rifles, and we noted that CORDS had on order 1,440 additional M-16 rifles.

During our field trips we also observed shotguns and submachine guns still in their original packing or open and rusting. CORDS field advisors told us that the recoil from these weapons was too great for the Vietnamese and that they preferred not to use them. Since CORDS had provided 6,200 shotguns and 13,000 submachine guns, we suggested that CORDS officials redistribute these weapons.
CONCLUSIONS

The Ministry of Social Welfare had not established a satisfactory distribution system for commodities intended for refugees and other war victims; the Ministry's warehouse records were unreliable and in many cases the Ministry had no records, which made it impossible for anyone to determine where the commodities were being used. We believe that the large quantities of food that had spoiled and the commodities that were not being used or that had improperly been given to Vietnamese officials not connected with the refugee program all pointed up the need for an accountability procedure.

RECOMMENDATIONS

We recommend that the Secretary of Defense require that CORDS:

1. Actively urge and assist the Vietnam Government to implement controls over and establish records of commodities provided to the War Victims Program.

2. Take whatever action is necessary with the Vietnam Government to redistribute equipment and commodities no longer required.

We are not making any recommendation regarding the evaluation of manpower requests, because of our overall recommendation in chapter 7 regarding the CORDS organization.
CHAPTER 7

NEED FOR REAPPRAISAL OF
CONTINUATION OF CORDS ORGANIZATION

The CORDS organization was established in 1967 as a temporary administrative device to meet the intense pressures of a wartime situation. We believe that it served well under those conditions. It is an unusual organization in that it has no parent agency in Washington. It has no resources or personnel of its own but uses those provided by the various military and civil agencies supporting its activities; it does not have financial accountability for the programs it administers. At the time CORDS was being established, U.S. officials decided to retain the staffs and budgets for CORDS activities within each supporting agency. One reason for this decision was to not restrict DOD or MACV with a slew of new budgetary, comptroller, and personnel management problems.

Over the years since CORDS was organized, the U.S. military has been the driving force behind pacification as is evidenced by the fact that DOD provided most of the financial and personnel resources CORDS needed. This trend, however, has begun to change in that the number of military personnel assigned to CORDS is expected to drastically decrease by 1974 from 4,700 on June 30, 1971. The number of civilian personnel assigned to CORDS is also expected to substantially decrease by 1974 from about 800 on June 30, 1971, but at a much lower percentage than will military personnel. Estimates indicate that the civilian personnel remaining by 1974 will consist mostly of AID employees.

These reductions are in general accord with U.S. policy as expressed in the Nixon doctrine and with the increasing emphasis placed on the Vietnamization Program, i.e., pacification is a Vietnamese problem and must be basically solved by them. Ambassador William E. Colby, who was deputy to the commander of MACV for CORDS from 1968 to 1971, stated, in testimony before the Senate Foreign Relations Committee in February 1970, that considerable improvement had been made in the internal security of Vietnam from the middle 1960's. He stated also that:
"The outcome will depend more and more upon Vietnamese leadership, upon Vietnamese commitment and even upon Vietnamese resources. We Americans have played a substantial role in learning about this new kind of war but one of the lessons is that it must be waged by the people and not merely the government of Vietnam. The American contribution in personnel and in resources will gradually reduce, to be replaced by full mobilization of people willing to sacrifice to remain free and to carry out the programs to make these sacrifices meaningful."

CORDS has begun focusing its efforts on political and economic development and rehabilitation aspects. As the direction of U.S. efforts change, most of the U.S. resources in support of such activities are expected to be transferred gradually from direct military action, pacification, and security to economic and social development.

Although at one time CORDS was deeply involved in some of the pacification and development programs, emphasis has since been directed toward transferring CORDS responsibilities to the Government of Vietnam. While CORDS continues to exercise some influence over the policies and over pacification efforts, the extent of its involvement is steadily declining and probably will continue to decline as U.S. personnel are withdrawn under the Vietnamization Program. The lessening involvement of U.S. personnel was obvious to us during our review. CORDS efforts to monitor programs and projects in the field had often become superficial. This was discussed in prior chapters.

Although the pacification and U.S. involvement therein have been changing, there has been a major weakness in the financial management and accountability of CORDS. The organizational arrangement of CORDS has been such that the agency providing the resources for the programs not only did not have responsibility for the management of those resources but also did not have any effective method for determining the validity of the CORDS request for the resources.
In November and December of 1970, a high-level management appraisal was made by the Operations Appraisal staff of AID's Auditor General's Office of AID's financial support to CORDS. The staff report, dated January 18, 1971, stated that:

"Since the creation of CORDS in May of 1967, AID has provided over $200,000,000 (in addition to substantial local currency) to CORDS. Over 50% of all AID-funded personnel in Vietnam are assigned to CORDS. This substantial transfer of resources is not accompanied by any inter-agency agreement or directive that specifies the managerial responsibilities of USAID and CORDS concerning the use of these resources."

The appraisal staff report stated also that AID's management of these resources had been minimal and that its relationships with other agencies had been unclear as had responsibilities within AID itself. The report stated further that there was considerable ambiguity about the responsibility for the management of AID's resources provided to CORDS and that, although USAID had been assigned some programming responsibility for these resources, it had not been assigned management responsibility. The staff report concluded that:

"USAID officials and personnel are unclear as to what their responsibilities are, if any, in CORDS programs. There is no common understanding among AID officials in Saigon and in Washington as to their respective roles at either end vis-a-vis CORDS."

During our fieldwork in Vietnam late in 1971, we observed a number of instances in which the major management problem mentioned in the appraisal staff report continued to exist.

CONCLUSIONS

Our review has recognized:

--The changing emphasis in U.S. objectives from war-oriented pacification to political and economic development and rehabilitation.
The accelerated withdrawal of U.S. military personnel and the associated closing of U.S. military facilities and support activities.

The U.S. plan to civilianize administration of CORDS activities.

Because of these factors and the inherent management weaknesses of an emergency administrative device designed in 1967 to meet a near-catastrophic situation and because the critical situation that previously existed and justified the creation of CORDS has changed (see Ambassador Colby's comment on p. 48), we believe that this is an appropriate time for the executive branch to reappraise the need for, as well as the propriety of, continuing the present CORDS organizational arrangement.

In discussions of our draft report with officials of the Department of State, DOD, and AID, we were advised that a task force had been established in 1971 to make a study of CORDS. We do not know whether the task force completed its work, and we have not seen any reports that may have resulted from the study.

RECOMMENDATION

We recommend that the Secretaries of Defense and State and the Administrator of AID jointly reappraise the need for continuing with a joint military-civilian organizational arrangement as a part of MACV and consider alternative methods for carrying out CORDS programs in the event the appraisal concludes that CORDS has fulfilled its purpose.
CHAPTER 8

SCOPE OF REVIEW

Our review was directed toward identifying the financial controls exercised by CORDS and its supporting agencies to budget and use the funds provided by U.S. sources in support of pacification and development programs in Vietnam.

We inquired into the extent of the support provided by the Government of Vietnam. We reviewed available budget and program records, obligation and expenditure documents, reports, correspondence, and other pertinent material furnished by U.S. agencies and the Government of Vietnam. We discussed relevant matters with responsible officials and made onsite inspections at a number of CORDS-funded projects located at various points throughout Vietnam.

Our initial survey work was performed in Vietnam from June to October 1970. Because of the management deficiencies noted during our fieldwork, we undertook this detailed review and performed our work during the period July to November 1971. Our review was made at the following locations.

Continental United States:
Department of Defense, Washington, D.C.
Agency for International Development, Washington, D.C.
International Logistics Center, New Cumberland, Pennsylvania

Pacific Command Headquarters, Hawaii:
Headquarters, Commander in Chief, Pacific
Headquarters, U.S. Army, Pacific, and Centralized Financial Management Agency
Headquarters, Commander in Chief, Pacific Fleet
Headquarters, Pacific Air Forces

Vietnam:
Headquarters, U.S. Agency for International Development
Headquarters, Military Assistance Command
Headquarters, Civil Operations for Rural Development Support
Headquarters, U.S. Army

51
Various Government of Vietnam Ministries; the Central Logistics Agency; military base depots, area logistics commands, field depots, supply centers, and using units in Phu Yen, Khanh Hoa, and Bien Hoa Provinces; civilian central warehouses, province warehouses, and using units in Phong Dinh and Bien Hoa Provinces; and construction projects in Khanh Hoa, Kontum, Ninh Thuan and Phu Yen Provinces.
PACIFICATION AND DEVELOPMENT PLANS FOR VIETNAM

The Government of Vietnam's Central Pacification and Development Council prepares, and has the primary responsibility for implementing, the pacification and development plans for Vietnam. The Council is composed of representatives from the Ministries and agencies which participate in the plans and is chaired by the President of Vietnam.

PRIOR YEAR PROGRAMS

The Council initiated the first plan on November 1, 1968. The plan, called the Accelerated Pacification Campaign, was devoted to extending Government control to 1,209 contested hamlets. The plan included goals for the Chieu Hoi and People's Self-Defense Force programs and other key programs.

The 1969 Pacification and Development Plan emphasized the role of the people as participants in the plan's military, social, and economic programs. Under this plan the Government of Vietnam deployed the Regional Forces, Popular Forces, and Rural Development Cadre in as many Viet Cong-controlled villages as possible.

The 1970 Pacification and Development Plan had eight objectives. These were:

1. Increasing territorial security.
2. Protecting the people against terrorism.
4. Improving local government administration.
5. Increasing national unity.
6. Providing relief for and rehabilitation of war victims.

Providing a people's information program.

Improving economic conditions.

PROGRAMS UNDER 1971 PLAN

Under the 1971 plan the Government of Vietnam attempted to stimulate greater self-reliance on the part of local governments. The plan was named the Community Defense and Local Development Plan.

The plan had three objectives: local self-defense, local self-government, and local self-development. In addition, the plan included two special programs: the Ethnic Minorities and the Urban programs. A description of the objectives and the programs follows.

Local self-defense

The first objective of the 1971 plan was to provide security to the Vietnamese. CORDS supported five local self-defense programs. They were:

Territorial Security
People's Self-Defense Force
Phung Hoang
National Police
Chieu Hoi

CORDS advised the Regional and Popular Forces through the Territorial Security Directorate and CORDS advisors stationed in the field. MACV programmed the supply support for the Regional and Popular Forces. DOD provided U.S. funding.

CORDS also advised the People's Self-Defense Force, a civilian militia which was organized from village and hamlet residents. The People's Self-Defense Force was armed with weapons excess to Vietnamese Army requirements. At the time of our review, the People's Self-Defense Force had a membership of over four million men and women.

The Phung Hoang program was an intelligence program designed to seek out and neutralize the Viet Cong political,
administrative, supply, and recruitment leadership. Working through a series of intelligence centers, the program attempted to identify, capture, or kill Viet Cong or persuade them to surrender. The Special Police Branch of the National Police was responsible for the Phung Hoang program. CORDS provided advice through the Phung Hoang Directorate.

The objective of the National Police program was to increase the numbers and quality of National Police and the National Police Field Forces and thereby to provide greater security. The police were conducting, as part of this program, a national registration program under which Vietnamese citizens were issued identification cards. CORDS Public Safety Directorate advised and programed the commodity support. U.S. support was funded by DOD and AID.

Under the Chieu Hoi program, the Government offered amnesty to Viet Cong who voluntarily surrendered and returned to the Government of Vietnam's side. Viet Cong were induced to surrender through propaganda, primarily disseminated through armed propaganda teams. The Chieu Hoi program attempted to exploit intelligence information from returnees and to assist them in resuming a normal life.

Local self-government

The Government of Vietnam also attempted to improve the organization and management of the province, district, and village governments. The programs under the local self-government were:

People's Administration
People's Information
People's Organization
Youth

The People's Administration program was intended to improve the economic, administrative, and financial capabilities of local governments. Under this program local elections were held and local officials were trained. The program was directed toward increasing local self-sufficiency by promoting local revenue programs and gradually decreasing central government financial support. CORDS Community Development Directorate provided advice at the national level.
Funding for the program was provided by the Government of Vietnam.

The People's Information program had the objectives of publicizing the Community Defense and Local Development Plan and of developing national and community spirit. The program operated through television, radio, indoctrination courses, a government information cadre, and printed material. U.S. advisory support was provided by the Joint U.S. Public Affairs Office in Saigon; however, the Public Affairs Office field personnel were under the operational control of CORDS. U.S. funding was provided by the U.S. Information Agency, AID, and DOD.

The People's Organization and Youth programs were designed to organize individuals into blocks of support for the Government of Vietnam. The Vietnamese youth have been a prime source of support for the Viet Cong.
Local self-development

The goal of local self-development was self-sufficiency. Local self-development emphasizes the principle of self-help and is aimed at developing the economy and society through the following programs.

Land Reform.
Agriculture and Fishery.
Local Economic Development.
Veterans.
War Victims.
Public Health.
Education.
Manpower Development.
Public Works.
Communications and Post.
Rural Credit.
Prefecture, Province, and City Self-Development.
Village Self-Development.
Two special programs:
1. Urban.
2. Ethnic Minority Development.

Under the Land Reform program, the Government of Vietnam distributed land to the farmers. Land reform included four subprograms.

1. The land-to-the-tiller program began late in 1970. Farmers were to be issued registered land titles for 600,000 hectares of land by March 1972, and the eventual goal was to distribute 1.3 million hectares of land.

2. The program of land survey for Montagnard people aimed at economic, political, and social development for Montagnards. About 40,000 hectares of land were to be given to the Montagnard people on the basis of land surveys to be made during 1971.

3. The program for regularization of the status of squatters on public land.
4. The program for distributing land in resettlement camps and land development centers aimed to distribute 15,000 hectares of land to people in resettlement camps.

U.S. funding for the Land Reform program was provided by AID and DOD.

The Agriculture and Fishery program strove for crop diversification and modernization of agriculture and fishing in 1971. In addition to providing for achieving self-sufficiency in rice production in 1971, the program provided also for developing corn and sorghum cultivation, expanding pig and poultry raising, increasing fishery production, and executing small irrigation projects. AID provided funds for the program.

The Local Economic and Development program established short-term economic measures. In 1971 the program was directed toward:

--Stabilizing the cost of living.
--Increasing personal income.
--Improving the system of rice collection and purchase.
--Supporting the program for industrial development relative to agriculture and fishing.

U.S. funds for this program were provided by AID.

The Veterans program provided job opportunities and health, welfare, and educational benefits to disabled servicemen, dependents of war dead, and veterans. CORDS supported the program with funds provided by AID.

The War Victims program attempted to provide relief--through rehabilitation or resettlement or by return to their villages--for war victims in the following categories.

--Evacuees.
--Victims who suffered damage to their houses or properties, who were injured, or whose family heads were killed in the war.

--Repatriates from Cambodia.

--War orphans and widows and disabled war victims.

CORDS supported the program with funds provided by AID.

The Public Health program attempted to (1) improve community living conditions by initiating a countrywide "sanitary hamlet" campaign and (2) accelerate the preventive-medicine program through inoculation and the eradication of communicable diseases. The program planned to improve the cooperation between civilian and military health agencies, improve the quality of personnel, and initiate a system of treatment which required the payment of fees. AID provided funds for the program.

The Education program emphasized technical and vocational guidance programs, especially those reserved for ex-servicemen and temporarily resettled refugees, and the operation of Agriculture and Animal Husbandry Training Centers for ethnic minorities.

During 1970 the Ministry of Education reported that it had implemented compulsory education up to the fifth grade and had increased admittance at the sixth-grade level to 50 percent. In 1971, the number of secondary education teachers was to be increased to 19,300 and secondary schools were to be available for 63 percent of the primary school graduates. AID provided funds for the program.

The Manpower Development program attempted to distribute manpower resources to meet national requirements. To assist workers the program was to develop a system of occupational classification, improve labor relations, and develop vocational training programs for workers in both public and private sectors. U.S. funding of the program was provided by AID.

The goals of the Public Works program for Saigon, provincial capitals, and rural areas were to complete projects
APPENDIX I

involving water supply, electrification, sewers, roads, bridges, town planning maps, and civil servants' and disabled veterans' housing projects. Projects which were beyond local means were to be undertaken by the Ministry of Public Works. U.S. funding of this program was provided by AID and DOD.

The Communications and Post program was directed toward improving local economic development efforts. Railway reconstruction, waterway dredging, postal station construction, and telephone installation projects were scheduled for 1971. The United States provided funds through AID and DOD.

The objective of the Rural Credit program was to increase agricultural and fishery production through the establishment of 24 new agricultural banks and an increase in loans. The Agricultural Development Bank was to grant loans to farmers and fishermen at an annual interest rate of 20 percent compared with the free-market rate of 65 percent. U.S. funding was provided by AID.

The Prefecture, Province, and City Self-Development program was to provide funds to Saigon, the provinces, and the autonomous cities for development projects. The cities and provinces engaged in projects of public works, irrigation, public health, education, agriculture, and animal husbandry. The program is supported by AID and DOD.

The Village Self-Development program aimed at improving cooperation between the people and the government. The program allowed the village governments a freer hand in planning development projects and managing their resources. Each village was granted a minimum fund of VN$400,000; some villages were to receive more, depending on their population. Under the plan the village council could use all the funds for public interest projects but only 50 percent of the funds for income-producing projects. The Agricultural Development Bank was to match funds set aside for income-generating projects. The program was financially supported by AID and DOD.

The Urban program was keyed to improving the living conditions in the growing urban areas. The Urban program focused on administrative organization; developing

60
self-defense and security programs; building community centers; public works; social welfare; and sanitation projects. U.S. financial support was provided by AID.

The Ethnic Minority Development program aimed at bringing about improvement in the livelihood of the more than one million Montagnards and at the development of the highland area. U.S. financial support was provided by AID.

Shown below is a synopsis, provided by CORDS, of the programs, sources of U.S. assistance, and the implementing U.S. agency for the 1971 Community Defense and Local Development plan.

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<td>Ethnic Minority Development</td>
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a American Aid Chapter (USAID Commercial Import program).

b Represents piasters purchased with DOD dollars.

c Funded by Government of Vietnam. CORDS provides advisory support.

d Joint U.S. Public Affairs Office.
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Dear Mr. Secretary:

On July 1, 1971, we transmitted to your office a survey document prepared by our staff in Saigon titled "Background Information on United States Participation in Pacification and Development Program in Vietnam" relating to the operating arrangement known as the Civil Operations and Rural Development Support (CORDS). A copy of our transmittal letter is attached. In Chapter 12 of that classified document, concerning CORDS financial aspects, we made reference to the absence of obligational records in Vietnam for the support being furnished by the military services to the CORDS programs. This was discussed with the Assistant Secretary of Defense (Comptroller), and was the subject of testimony by our Office before the House Committee on Government Operations on July 16, 1971.

As pointed out in our statement to the House Government Operations Committee, the military financial budgeting and accounting system does not, however, provide information which would identify and account for that portion of material flowing into Vietnam which is supplied to the CORDS program through the U.S. military pipeline. We believe that the system should be modified to provide such information. This is consistent with the basic proposition that all Foreign Assistance Programs should be conducted and accounted for under procedures which would permit the orderly and reliable determination of the costs of those programs.

Our staffs will plan to pursue this with the Assistant Secretary of Defense (Comptroller) for consideration of procedures which we believe as a minimum should provide reliable financial cost data and reporting on the foreign assistance programs being conducted in Vietnam by the Department of Defense.

Sincerely yours,

(SIGNED)  ELMER B. STAATS

Comptroller General
of the United States

Enclosure

The Honorable
The Secretary of Defense
Honorable Elmer B. Staats  
Comptroller General of the  
United States  
Washington, D.C. 20548

Dear Elmer:

Reference is made to your letter dated July 28, 1971, control number B-159451. My staff has reviewed your suggestion that the Defense Department establish a financial budgeting and accounting system that would identify and account for that portion of materiel flowing into Vietnam which is supplied to the Civil Operations and Rural Development Support program through the U.S. military pipeline. As stated on page 137 of the survey document referenced in your letter, the largest part of the support referred to was to provide military hardware and other commodities to the Regional and Popular Forces of the Vietnamese Army.

As of June 30, 1971, the strength of the Vietnamese Army, including Regional and Popular Forces, was about 1,000,000. The Regional and Popular Forces, which are part of the Infantry Branch of the Vietnamese Army, numbered about 290,000 and 250,000, respectively. These forces, which were made part of the Vietnamese Army as of July 1, 1970, by Presidential Decree, are organized into about 10,000 units consisting mostly of companies and platoons.

The Regional and Popular Force units are supported logistically the same as any other company or platoon size units in the Vietnamese Army. The Vietnamese Army supply accounting system is mechanized only at the base depot level in Saigon and all supplies are distributed through the Vietnamese Army field depot system that is one echelon below the base depots. Support to the Regional and Popular Forces is provided by the field depots or direct support units of the Vietnamese Army. Regional and Popular Force logistic support units can and do support Vietnamese Army and other Free World Forces when they are operating in the Regional and Popular Forces zones of operation.
APPENDIX II

The Vietnamese Army primarily maintains item accountability below the base depot level in Saigon. Any system for accumulating and reporting cost data at the unit level would necessitate the use of manually kept records operated by the Vietnamese. Complete and accurate pricing data would have to be established and kept up-to-date by a manual system at each of the Vietnamese Army field depots, direct support units and the 10,000 Regional and Popular Force units in order to cost out the value of support actually received by each unit. It is highly questionable that accurate or complete cost data, if such a system were to be imposed, could be accumulated and reported by the Vietnamese Army because of the limited technical capability of the Vietnamese personnel.

The detailed cost accounting suggested in your July 28, 1971 letter is not maintained for other units of the Vietnamese Army, and for that matter, is not maintained for units in the U.S. Army because the costs to establish and maintain such a system outweigh the benefits. I have concluded that it would not be practical or beneficial to the Department of Defense to establish the financial accounting system in Vietnam that would be needed to produce the cost data recommended by your office.

Sincerely,

[Signature]

GAO note: This matter is discussed on p. 26.
RESPONSE TO INQUIRIES:

A recent newspaper article based on a secret GAO survey stated that $1.7 billion of U.S. support to the Government of Vietnam (GVN) pacification program was not accounted for and that GAO could not determine how most of the $2.1 billion authorized for the program was used. The article contains misleading information.

In forwarding the classified survey, GAO informed Secretary Laird that the document should not be construed as a report of the GAO. It was not subjected to the strict review processes normally applied to GAO reports and it was not submitted to the responsible agencies for official comment, as is customary. The primary purpose of the document, GAO said, was to use it for planning and preparation of work programs for conducting more detailed reviews of CORDS programs and activities at some later date. Although a document of this type is not released normally for use outside of GAO, its distribution to certain Congressional Committees was based on what was considered by GAO to be of current significance.

In making its limited release of the classified survey, GAO qualified the coverage and substance as follows:

1. Much of the statistical data, other information, and evaluations were for the most part not developed by GAO.

2. This background document is directed toward presenting what were described as GAO's very limited observations on the progress of the pacification and development programs in Vietnam toward achieving overall program objectives.
APPENDIX III

3. It did not include in-depth examinations into CORDS activities and expenditures as reported by the Governments of the United States and the Republic of Vietnam.

4. The document is not a report but is intended for use as general background information on the organization, financing and operation of CORDS.

The GAO survey concludes that they were unable to obtain obligation data in Vietnam for $1.7 billion of the $2.1 billion budget. The GAO survey either overlooked or failed to indicate that obligation records are not nor are they intended to be maintained in Vietnam. Records supporting the amounts questioned by the survey are available at activities outside of Vietnam where the financial accounting is actually performed. These records all are subject to periodic audit by the Army Audit Agency.

The largest part of the $1.7 billion, for example, about $1.3 billion, was budgeted to provide military hardware and other commodities to the Regional and Popular Forces (RF/PF) under the Military Assistance Service-Funded Program (MASF). This fact is recognized in the GAO survey. Commodities are brought into Vietnam through the U.S. Army logistics system and are turned over to the Republic of Vietnam Armed Forces (RVNAF) for distribution. CORDS participates to a limited degree in computing requirements but does not participate in ordering or delivering commodities. Assistance to the RF/PF is part of the regular MASF program. As such, material furnished to RF/PF units is accounted for the same as assistance to any other Republic of Vietnam Army, Navy or Air Force activities. Materiel for the RF/PF is requisitioned by the Vietnamese Army, Navy or Air Force
under the MASF program. Obligations are recorded by the U.S. military department through which the material is requisitioned at the time the requisition is processed. When the material is received in Vietnam, it is controlled and accounted for in the Vietnamese logistics system until it is issued to RF/PF units either from the warehouse of local depots.

The RF/PF is another customer of the ARVN, VNN or VNAF -- the same as an Army division, Navy vessel or Air Force squadron. The RF/PF part of the program is not subjected to individual control. To do so would be the same as establishing individual programs for each unit within the ARVN, VNN and VNAF.

Funds used to support the RF/PF are accounted for and controlled in the same manner as funds provided to support other RVNAF activities.

Over the past several years, the Deputy Comptroller for Internal Audit (DCIA) within the Office of the Secretary of Defense has devoted its efforts in Vietnam to auditing the MASF logistics program. A number of these audits were performed in conjunction with the Army Audit Agency, Navy Audit Service and the Air Force Auditor General. Since the RF/PF are customers of the ARVN, VNN and VNAF, the logistics audits have included coverage of the RF/PF.

The balance of the $1.7 billion, $400 million, is for services and personnel costs and is also funded separately.

Documentation concerning the delivery of materiel that supports the obligations questioned by GAO has been and will continue to be reviewed by DoD audit agencies as part of the continuing audits of the MASF program for Vietnam.
APPENDIX III

In summary, obligational records are maintained outside of Vietnam and are periodically audited. Within Vietnam the materiel records are audited continuously for validity of requirements and distribution to users. Validity of inventory records at the Vietnamese Armed Forces Depot level is verified during these audits.
APPENDIX IV

PRINCIPAL OFFICIALS RESPONSIBLE FOR
ADMINISTRATION OF U.S. ASSISTANCE TO VIETNAM'S PACIFICATION AND DEVELOPMENT PROGRAMS DISCUSSED IN THIS REPORT

<table>
<thead>
<tr>
<th>Tenure of office</th>
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<tbody>
<tr>
<td>From</td>
<td>To</td>
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</tbody>
</table>

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:
- Melvin R. Laird: Jan. 1969 - Present

DEPARTMENT OF STATE

SECRETARY OF STATE:
- William P. Rogers: Jan. 1969 - Present

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADMINISTRATOR:
- Dr. John A. Hannah: Apr. 1969 - Present

ACTIVITIES IN VIETNAM

AMERICAN AMBASSADOR TO THE REPUBLIC OF VIETNAM:
- Ellsworth Bunker: Apr. 1967 - Present
### ACTIVITIES IN VIETNAM (continued)

<table>
<thead>
<tr>
<th>Position and Title</th>
<th>From</th>
<th>To</th>
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<tr>
<td><strong>COMMANDER, MILITARY ASSISTANCE COMMAND, VIETNAM:</strong></td>
<td></td>
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<tr>
<td>General Creighton W. Abrams</td>
<td>July 1968</td>
<td>Present</td>
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<tr>
<td>General William C. Westmoreland</td>
<td>June 1964</td>
<td>July 1968</td>
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<tr>
<td><strong>CIVIL OPERATIONS AND RURAL DEVELOPMENT SUPPORT, DEPUTY TO COMMANDER, MILITARY ASSISTANCE COMMAND, VIETNAM:</strong></td>
<td></td>
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<tr>
<td>General Frederick C. Weyand</td>
<td>Oct. 1971</td>
<td>Present</td>
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<tr>
<td>Ambassador William E. Colby</td>
<td>Nov. 1968</td>
<td>June 1971</td>
</tr>
<tr>
<td>Ambassador Robert Komer</td>
<td>Apr. 1967</td>
<td>Nov. 1968</td>
</tr>
<tr>
<td><strong>ASSISTANT CHIEF OF STAFF FOR CIVIL OPERATIONS AND RURAL DEVELOPMENT SUPPORT:</strong></td>
<td></td>
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<tr>
<td>George D. Jacobson</td>
<td>Dec. 1968</td>
<td>Present</td>
</tr>
<tr>
<td>L. Wade Lathram</td>
<td>May 1967</td>
<td>Mar. 1968</td>
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<tr>
<td><strong>DIRECTOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, VIETNAM:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>John R. Mossler</td>
<td>July 1970</td>
<td>Present</td>
</tr>
<tr>
<td>Donald G. MacDonald</td>
<td>Aug. 1966</td>
<td>July 1970</td>
</tr>
</tbody>
</table>
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