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**BUILDING A CRITERIA SYSTEM TO EVALUATE
STATE BUDGET FUND MANAGEMENT ACTIVITIES
OF THE STATE TREASURY**

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PREAMBLE

State budget is a fundamental part of a financial system, an important financial tool of the State in managing and administrating economic and social developments. After more than 24 years of construction and development, the State Treasury has contributed to the State Finance in achieving positive results, contributing to the country's construction and renovation through State budget funds management, capital raising for investment and development, accounting and providing with prompt and accurate information to serve for direction and management of the Central and local governmental authorities.

Management of State budget funds is a basic function of the State Treasury of Vietnam. The State treasury in recent years has applied several quantitative criteria which are represented as statistical indicators designed in reports. However, the statistical indicator system currently applied has revealed fundamental limitations as follows: the lack in comprehensiveness and systematisation; not satisfying the needs to evaluate every state treasury unit that would be used as a basis to compare the performance and management leadership related to the State budget funds activities.

Moreover, under request of innovation and integration, the State Treasury has held a mass deployment of mechanisms, schemes, processes of management and control suitable with State budget funds management functions in the new stage. In this context, building a criteria system to meet innovative targets for State budget funds management by the State Treasury is urgently needed.

In terms of research, so far there has been no systematic and comprehensive research regarding an evaluation criteria system for State budget fund management activities by the State Treasury.

For the reasons stated above, the author has chosen the topic **"Developing an evaluation criteria system for budget fund management activities by the State Treasury"** as the study on economics for his doctoral thesis.

Chapter 1

THE RATIONALE FOR BUILDING A CRITERIA SYSTEM TO EVALUATE STATE BUDGET FUND MANAGEMENT ACTIVITIES OF THE STATE TREASURY

1.1.STATE BUDGET AND STATE BUDGET MANAGEMENT ACTIVITIES

1.1.1. Concept on State Budget

Over the research process and inheritance of the concepts of “the State budget” nationally and abroad, from the seventeenth to the twenty-first century, the thesis approaches the definition of the term “State budget” given as follows: *"State budget in terms of static form and external appearance are the table of State budget revenue and expenditure estimates in cash for a certain period (usually one year); in terms of dynamic form and a whole process, the State budget is the fundamental stage of integrated state financing, which is used by the State to distribute parts of wealth of the society under the form of cash into its hand in order to maintain the existence and normal operation and to perform its political, economic, social tasks... that the State must undertake. "*

1.1.2 The nature of the State budget

In economic terms, State budget is an economic and financial relation between the State on one side and, on the other side the entities of the socio-economy in the process of mobilization, distribution and redistribution of values of total social products.

In social terms, the State budget is, as attached to the State, of class character as the State is of class character. Coming from such class character, the State budget of every country are run by its highest authorities.

In legal terms, State budget is a law on the revenues and expenditures of the State in a certain period of time. The state budget

is estimated by law executive authorities (the Government), is discussed and decided by the legislature (the Congress, the Parliament).

As above analysing the concept and nature of state budget, it can be seen that it is extremely important for the Treasury being tasked with managing the state budget funds; the State Treasury budget fund management requires a full assessment of all economic relationships, benefit relations between social entities while the State is involved in distributing national financial resources.

1.1.3. The role of the state budget

a. The role of the state budget to economic growth

b. The role of the state budget in allocating resources of the economy

c. The role of the state budget in income distribution

d. The role of the state budget to macroeconomic stability

1.2. STATE BUDGET FUND MANAGEMENT ACTIVITIES BY THE STATE TREASURY

1.1.2. Stage budget management activities

1.2.1.1 The concept and characteristics of State budget management

a. The concept of State budget management

We can understand: State budget management is the operation of the entities who manage state budget through the purposeful use of management methods and tools to interact and control the state budget activities to achieve the intended targets.

b. The characteristics of State budget management

Firstly, the state budget management is performed by the relevant State authorities.

Secondly, state budget management is done through managing the state budget fund's formation process and distribution process as well as activities to ensure the operation of the state budget as per planned by the relevant State authorities. [29]

Thirdly, the state budget funds have been formed from very diverse sources, state budget revenue include collections from taxes and fees; revenue from State economic activities; contributions from organizations and individuals; aids; other collections as prescribed by law. [24, Clause 2]

Fourthly, every source of the state budget funds has come up and operated in its own separate way.

Fifthly, state budget expenditure include expenditure for socio-economic development, security and defense, ensuring the operation of the state framework, paying the State debts, spending on aids and other expenses as prescribed by law. [24, item2)

Sixthly, each expense from State budget funds has its own different scope, nature and time of taking place.

1.2.1.2. Goals of state budget management

In general terms, the basic objective of the state budget management in all nations is to effectively improve the state budget performance. "Internal functions" of State budget management is to meet the socio - economic criteria established for the planning year, respectively for that fiscal year in terms of: Exceeding the mobilization of the financial resources ; Effective development and investment ; Reasonable saving and spending on education, health, culture, science and technology, and social welfare. At year-end, the state budget is balanced after final account settlement, added to next year's budget and helps strengthen financial reserves.

State budget management helps make use of budget transparency, monetization of expenditure, provide the basis for building a clean administration system which has been widely acknowledged in many countries around the world.

The impact on the economy to achieve the objectives by the State based on the existing budgeting function, has clearly showed the position and role of the entity, or else, is known as the efficiency of the state budget management.

1.2.1.3. The entity of State budget management

The entity directly managing the State budget is the State, through relevant authorities of the State.

During the budget cycle, the budget management entities will work together, cooperate and support each other, in particular under the model of state budget management in Vietnam.

1.2.1.4. Content of state budget management

a. Approach in terms of budget management cycle

b. Approach in terms of the content of state budget

b.1. Budget Revenue Management:

Within the research scope of the thesis, revenue management will be considered in terms of the operation of the state treasury, financial agencies and collection agencies during the state budget fund management process. The management of the state budget revenue, if understood in the narrow sense, is the operation of State authorities in checking, comparing and handling the state budget collections and payments as well as accounting and account settlement of state budget revenue.

b.2. Management of state budget expenditure:

In the management of state budget expenditure, the expenditure control is necessary to supportively urge managerial authorities and state budget using units on respecting the principles of state budget spending and, at the same time increasing responsibility from the state budget funds using units, and ensuring that the funds are properly used in line with the requirements as mentioned above.

1.2.2. State budget management activities of the State treasury

1.2.2.1. Overview of the State Treasury

a. The concept of the State Treasury

State treasury is an office which belongs to the state financial system, whose main functions are: managing the state budget funds; performing financial transactions such as collecting for revenues and

paying expenditures of the state budget, including the issuance and repayment of treasury bonds, bills, short-term or long-term bank loans to compensate for the shortage of state budget; Implementing centralized management and preservation of national financial reserves such as gold, silver, precious metals, precious stones and foreign currencies.

b. Functions of the State Treasury

Firstly, the function of the national treasury management: is to manage centralized monetary funds of state. If full implementation of this function is done, the state treasury will have the function of managing the entire national treasury.

Secondly, the function of the State accounting: In performing such functions, the ultimate goal should be achieved by the State Treasury is to unify and undertake all activities of State Accounting, to focus on collecting, processing, providing information on all financial funds and, even maybe assets of other countries.

Thirdly, the function of credit servicing of the State: The State Treasury is the agency raising capital to finance budget deficits and for investment and development.

1.2.2.2. Budget fund management function of the State Treasury

a. The concept of State budget funds and, the functions of State budget fund management by the State Treasury

State Treasury is one of the agencies participating in the management of the State budget with certain functions in the whole process of state budget management. Function of the Treasury is identified as managing the state budget funds.

State budget funds shall be construed as the State's critical financial fund which is formed through the process of state budget execution according to each budget cycle.

Thus, the State fund management activities by the State Treasury is just one of the aspects of the state budget management, and not consistent with the concept of the state budget management.

b. The content of management functions of state budget funds of the State Treasury

Most generally, the fund management functions of the State Treasury include the following major contents:

- (i). Focus, reflect and regulate the state budget revenues
- (ii). Perform payment and payment control for State budget expenses
- (iii). Perform necessary methods in line with legal rights to ensure timely settlement of State budget expenditure requirements
- (iv). Coordinate, support with agencies outside the State Treasury system

1.3. BASIC THEORETICAL ISSUES ON THE CRITERIA SYSTEM TO EVALUATE THE STATE BUDGET FUND MANAGEMENT

1.3.1. Evaluation of administrative activities

The role of assessment activities for the entire administrative activities can be considered under two different approaches:

- Approach to Administrative Function: [39] The administrative functions indicate the biggest and most wide-ranging tasks in administrative activities. With this approach, it is accepted that the administration includes 4 functions outlined in the definition of the administration by J.Stoner and S.Robbins.

- Planning:
- Organization
- Leadership
- Inspection

Thus, it can be seen that evaluation is an important element of the inspection function. Most broadly, inspection is the function to determine the current status of an organization; helps compare to the planned targets then adjust the system, improves the current situation to ensure the fulfillment of the objectives which have been planned.

- Approach in terms of administration process: The administration process consists of three basic phases as follows:

- Decision-making
- Decision organization and implementation
- Inspection and evaluation

1.3.2. Criteria system to evaluate the state budget funds management of the State Treasury

1.3.2.1. Criteria System

a. Concept

In this topic, *the concept “criterion” is specifically conceived as qualitative or quantitative characteristics of a certain object, and is used as a standard or basis for evaluating the object whether matching the given targets.*

Vietnamese dictionary also defines that: *System is a collection of parts close connected each other (organizational systems); a thoroughly arranged orderliness; continuity.*

Combining the two concepts above, the criteria system can be expressed as follows:

Criteria system is a systematic collection of qualitative or quantitative characteristics of a certain object, which is used as standards or bases for evaluating that object whether meeting certain targets.

Research on the criteria system to evaluate state budget funds management of State treasury of Vietnam, in combination with the above-mentioned concepts, the topic is introduced with following concept: *the criteria system to evaluate the state budget funds management of the State Treasury is a systematic collection of criteria used to evaluate budget funds management of the State treasury, that is to provide feedback as the basis for completing the state budget funds management process of the State Treasury.*

b. Features of the criteria system to evaluate state budget fund management of the State Treasury

- As the State treasury is a public agency so its operation is naturally non-profitable so the evaluation criteria in terms of managerial objectives are different from commercial businesses' managerial objectives.

- Activities of the State Treasury have similarities with the activities of intermediate financial institutions, especially banks and other creditor institutions.

- Activities of the State Treasury are basically the provision of public administration services. Therefore, the criteria measuring the public administration service quality provided by the State Treasury can not be the ones which have been used for business organizations in terms of service quality.

1.3.2.2. Classification of criteria evaluating state budget fund management of the State Treasury

a. Classification by nature

- Qualitative criteria: are ones providing with the characteristics and standards which can not be measured in specific numbers.

- Quantitative criteria: are ones providing the characteristics and standards which can be measured in specific numbers, etc.

b. Classification by contents of state budget fund management of the State Treasury

Based on the contents of the state budget fund management activities, the criteria can be divided into two major types:

- Criteria for evaluating the management of state budget revenue.

- Criteria for evaluating the management of state budget expenditure.

c. Classification by functions of state budget fund management of the State Treasury

1.4 FACTORS INFLUENTIAL TO THE STATE BUDGET FUND MANAGEMENT OF STATE TREASURY.

1.4.1. External factors

1.4.2. Internal factors

Chapter 2

CURRENT APPLICATION OF STATISTICS CRITERIA TO EVALUATE STATE BUDGET MANAGEMENT FUND OF STATE TREASURY OVER THE RECENT TIME

2.1. CURRENT STATE BUDGET FUND MANAGEMENT OF THE STATE TREASURY

2.1.1. The foundation background of the Vietnam State Treasury

On 29th of May 1946, President Ho Chi Minh signed Decree No. 75-SL establishing the Treasury Department under the Ministry of Finance. This is a most important historical milestone for the birth of State Treasury of Vietnam. The historical May 29th has become a traditional day of the State Treasury system from 2011 by Decision No. 1668 / QD-TTg dated Sep. 26, 2011 by the Prime Minister. On 20th of July 1951, Prime Minister signed Decree No. 107 / TTg (today called Decision) to establish the State Treasury located in the premise of National Bank of Vietnam and under the administration of the Ministry of Finance. This is the secondarily important historical milestone for the birth of the State Treasury of Vietnam.

On 04 of Jan 1990, the Council of Ministers signed Decision No. 07 / HDBT of re-establishment of the State Treasury system under direct management of Ministry of Finance with the functions and duties mainly as *management of the State budget fund and financial reserves; capital mobilizing for State budget, investment and development*. This is the thirdly important historical milestone of the State Treasury of Vietnam.

In Vietnam today, the State Treasury has been organized in the second pattern (which means that the State Treasury directly belongs to the Ministry of Finance). State Treasury is organized into hierarchical system from the central to local levels according to the principle of centralization and consolidation.

2.1.2. The main contents of the management of the state budget fund of the State Treasury of Vietnam

(i) Concentrate, reflect and regulate the levels of budget revenues as prescribed by the competent authority.

(ii) Perform payment, control of budget expenses payment of all levels on the basis of existing legal regulations.

(iii) Implement necessary measures in accordance with legal rights to ensure timely settlement of budget expenditure needs at all levels, such as: making use of idle capital, making short-term loans from the Central bank, regulating the capital in the system etc.

(iv) Organize accounting and provide adequate information about State budget content, level, scope as assigned by the competent authority.

(v) Coordinate, support to agencies outside the Treasury system such as financial agencies, State tax agencies, Customs etc.

2.1.3. Organization for management of the state budget fund of the State Treasury of Vietnam

The Central State treasury has managed the Central State budget funds, directly implements the transactions on revenue and expenditure taking place at the Central transaction counters.

The State Treasury units at levels of provinces, cities have managed provincial State budget funds, directly mobilizing all items of revenue, allocations and payment for the central budget's expenses (as authorized by the Central state treasury) and for provincial budgeted expenses taking place at their own counters; Implementing, at the same time, budgeted revenue and expenditure at the districts where the relevant provincial/city's state treasury is located.

The district/ town leveled State Treasury units have managed the budget fund, mobilizing item of revenues, allocations and payments of the expenses under the Central and the provincial budgets taking place within their area (those transferred to by the Central State Treasury and the provincial State Treasuries).

2.2. CURRENT APPLICATION OF SOME STATISTICAL CRITERIA TO EVALUATE THE STATE BUDGET MANAGEMENT FUND OF THE STATE TREASURY OF VIETNAM IN THE PERIOD OF 2001-2013

2.2.1. The statistical indicators used to evaluate the state budget revenue management activities of the State treasury

With the system of reports as described in points a, b, c, d and e, the State Treasury are able to quite completely describe the activities of State budget collections through the State Treasury. The statistical criteria in each report has, in terms of one State treasury unit, quite completely evaluated professional activities on state budget collections. However, the indicators in such reports, in case of being required to evaluate the impact on macro-economic policies or on objective factors, can not meet such requirements. On the other hand, such statistical indicators system is not able to evaluate the levels of effort, performance completion and effectiveness of the various state treasury units in the State treasury system.

In summary, through the contents of the reports, we can find that the management of the State Treasury state budget revenue was evaluated through statistical indicators of total revenue completed periodically and cumulatively to the time of report. On the other hand, these indicators are also considered under the structure of state budget revenues for each disaggregated different criterion such as by sector, by economic sectors; by contents; by the budget list; or by collection agencies etc.

2.2.2. The statistical indicators used to evaluate management of the State Treasury budget expenditure

By studying the current reporting system of the State Treasury, it can be seen that the main indicators being applied to evaluate the Vietnam State Treasury budget expenditure management

are mainly statistically quantitative indicators. Hence, the statistical indicators used in the report have not yet allowed us to accurately evaluate the State Treasury operational efforts in state budget expenditure management as well as evaluating the policy execution of each of State Treasury units.

Regarding the criterion on total State budget expenditure over the period 2001-2013 through the State Treasury, the State Treasury of all levels have considered this indicator as a yearly attempt to be done as the tasks volume has increased while the work's material conditions, numbers of staff remain unchanged.

- Statistical criteria evaluating the control of state budget expenditures through the State Treasury:

The two main criteria being applied to evaluate this work are:

+ Number of items refused for payments by the State treasury

+ Amounts refused for payments by the State treasury for lack of procedures, inappropriate application of policies and regimes.

2.2.3. The statistical indicators used to assess some other activities related to the management of the State Treasury budget funds

2.2.3.1. Statistical indicators of capital raisings for State investment and development budget

2.2.3.2. Indicators of capital advances from State treasury for local State budgets

2.2.3.3. The assessment criteria for the management of funds in the process of state budget collections and expenditure

In terms of evaluation, the statistical indicators on these activities are still too simple, unsystematic and incomplete. Currently, the criteria applied are just assessment mostly on the Total hard cash collections and payments. Total hard cash collections are divided into two criteria:

The hard cash directly collected by the State treasury and hard cash as received from the bank.

Total hard cash payments are also divided into two criteria:

Cash directly paid to by the State Treasury and cash payments deposited to banks by the State Treasury.

2.3. OPINION SURVEY OF ALL LEVELS OF STATE TREASURIES' EMPLOYEES, OFFICERS ON EVALUATION CRITERIA SYSTEM FOR THE MANAGEMENT ACTIVITIES OF STATE TREASURY' BUDGET FUND

2.3.1. The objective of the study

- The comprehensiveness and completeness of statistical indicators

- The appropriateness and reasonableness of the current criteria for classification, the logical link between the criteria.

- Analyzing and evaluating whether the management of budget fund by the State Treasury is regularly operated.

- The need to modify the evaluation criteria system for management operations of the State Treasury budget funds in the future, and its priority level.

- The basic requirements needed to build a complete, proper and large-scale evaluation criteria system.

2.3.2. Research methods, data collection tools and survey activities

To achieve the research objectives, the thesis uses empiricist methods in the form of survey with questionnaire to collect data, and then performs data analysis using the EVIEW software.

Survey respondents were the State Treasury officials of provinces, cities and those of the districts, provincial cities of the provinces elected nationwide. The northern State Treasuries include those of provinces of Yen Bai and Hoa Binh; The Central Region

State Treasuries of those of provinces of Quang Binh, Da Nang City, Quang Nam, Ha Tinh and Quang Tri; The southern region with those of Can Tho province, while the Central Highlands Dak Lak State Treasury is chosen. The survey respondents were of different ages, office positions and varied qualifications.

2.3.3. Summary of Research

The total number of ballots issued is 500, while 486 of which were collected, equivalent to 97.2%. Upon ballot receipt and inspection, 15 of which were unsatisfactory due to incomplete, unclear answers and information which were excluded from use. Thus, the number of votes appropriate for the research reached 471.

Survey structure and results: 386 staff members who make up 82% questionnaires, leaders of 85 people participating, representing 18% and 57% aged 35 to 50 years old.

2.3.3.1. Comments on the currently applied criteria system in evaluating operating budget funds managed by the State Treasury (shown in the reporting system of the State Treasury)

a. On the evaluation criteria comprehensiveness and completeness

b. On the accuracy of the assessment criteria

c. On the details and clarity of assessment criteria

d. On the systematization of evaluation criteria:

e. On the feasibility of the target system

2.3.3.2. Comments on the situation of analysis and evaluation of budget fund management activities at the State Treasury

a. On the regularity of the analysis and evaluation activities

b. On the rationality of the process of analysis, evaluation

c. On the design rationality of reports

d. On the assurance for accuracy and timeliness requirement

e. On the practicality, efficiency of analysis and evaluation

results

2.4. GENERAL ASSESSMENT ON APPLICATION OF STATISTICS CRITERIA TO THE REVIEW OF BUDGET FUND MANAGEMENT ACTIVITIES OF VIETNAM STATE TREASURY

2.4.1. Good points

a. Generally, it basically covered the major contents, reflecting the quantitative results of budget fund management activities of Vietnam State Treasury.

b. The currently applied criteria system is ensured of its accuracy and feasibility.

c. The structure of the evaluation criteria of fund management activities in the reports design is basically ensured of its rationality and logic.

d. The analysis organization is basically ensured of the requirement on accuracy and timeliness.

e. The State Treasury system has initially been successful in applying information technology in management.

2.4.2. Weak points

a. The most basic limitation to the currently applied criteria systems is the lack of comprehensiveness.

b. The current criteria system are not well responsive to individual assessment of each State Treasury unit, as a basis for comparing particular performance, directing activities related to the management of budget funds.

c. Currently, the State Treasury has not yet systemized its indicators system and reporting index in general, as well as statistics index in particular.

d. The specified reforms for the current State Treasury system is to perform entire accounting of the State budget. In fact, there have still been a few points of disagreement on a number of criteria between the State Treasury, financial agencies and collection agencies.

e. Although many types of reports at the State Treasury serving for the management, the criteria of which coincide with the criteria of statistical reporting forms, they have not been utilized due to having no software to support, extract and exploit given indicators in such reports.

f. The organization for analyzing evaluating criteria for the management of the State Treasury budget fund has not been performed in such a regular, logical and scientific way.

Chapter 3

BUILDING A PERFORMANCE EVALUATION CRITERIA SYSTEM FOR MANAGEMENT OF STATE TREASURY BUDGET FUND

3.1. OBJECTIVE NECESSITY OF THE NEW ESTABLISHMENT OF EVALUATION CRITERIA SYSTEM FOR STATE TREASURY BUDGET FUND MANAGEMENT

- To serve the oriented reform on State budget management activities in general and, on State budget management activities operated by the State Treasury in particular.

- State Treasury is drafting a State's general accounting model in order to perform the general accounting functions of the State.

- State Treasury future operations to be associated with the application of TABMIS are the essential tasks of the State Treasury in the period up to 2020 and the following years.

3.2. BASES FOR BUILDING EVALUATION CRITERIA SYSTEM FOR BUDGET MANAGEMENT ACTIVITY OF THE STATE TREASURY

3.2.1. Orientation on reform of state budget funds management activities of the State Treasury

3.2.1.1. Orientation on reform of state budget management

3.2.1.2. Orientation on reform of state budget funds management activities of the State Treasury

3.2.2. Analysis results on applying statistical indicators to the assessment of State Treasury fund budget management in recent years

In chapter 2, the study, with dialectical logic analysis methods incorporated with using survey data taken from State Treasury officials, has conducted to analyze and assess the statistical indicators applied in evaluating the State Treasury's state budget

funds management. The results of the above analysis over recent years have drawn the conclusion about the limitations which is set forth in Section 2.4.2 (Chapter 2).

This is an important basis, the starting point for proposed amendment, and supplement to the evaluation criteria system for state budget fund management activities in the future.

3.2.3. Results of the survey taken by State Treasuries' officials

The survey was conducted on three contents, the third of which is based for recommendations in the future.

3.2.4. Goals and requirements for the construction of evaluation criteria system for state budget fund management activities of the State Treasury

3.2.4.1. Goals

- For the management of state budget funds in general, the assessment criteria must provide with information to meet the requirements for state budget funds management activities.

- The evaluation criteria for the state budget fund management activities of the State Treasury must be a determinant to the performance and results.

3.2.4.2. Requirements for criteria system for state budget fund management activities of the State Treasury

a. Assurance for accuracy and scientism

b. Assurance for comprehensiveness and systematization

c. Assurance for practicality

3.3. DESIGN OF THE CONTENT OF CRITERIA SYSTEM

3.3.1. The criteria for evaluating activities of the State Treasury Budget Revenue Management

So it is necessary to add quite several criteria to ensure for the above-mentioned objectives and requirements of the criteria system.

The additional criteria should focus on the following key contents:

a. To add some criteria to evaluate more comprehensively and accurately the state budget revenue outcomes for every State Treasury units as the basis for the internal governance of the State Treasury. The additional criteria should include:

(i) The items of state budget revenue

(ii) Points of state budget revenue

(iii) Completion rate of state budget revenue estimates obtained by every State Treasury levels

b. To add criteria for evaluation of operational performance and efficiency at all levels of the State Treasury.

Regarding management activities on of state budget revenues, we can use the criterion on revenue outcome per civil servant or employees.

Regarding the revenue results, it is needed to use both criteria: Total (periodic and cumulative) revenue and number of (periodic and cumulative) items collected.

In the present condition, once every State Treasury unit is basically equipped with the same resources, the comparison between the State Treasuries should only be based on the number of civil servants and public employees. To eliminate the variation of the number of civil servants and employees, the number of civil servants and employees on average during the period should be considered.

Therefore, there are two criteria:

- The average state budget revenues per State Treasury's civil servants and employees (periodic and cumulative)

- The average items of revenue per State Treasury's civil servant or employee (periodic and cumulative)

Also, since the number of civil servants and employees of each unit of the State Treasury may be not proportional to the total salaries of the units due to differences in the structure of salaries.

Therefore, it is necessary to add the following criteria to improve the precision:

- The average state budget revenues per one thousand / million VND of salary

- The average items of revenue per one thousand / million VND of salary

- c. To add criteria for qualitative assessment concerning relationship with institutions and individuals.

According to the requirement of the new criteria system, it is required to propose some criteria for evaluating service quality of public administration in the management of the State Treasury state budget revenues as follows:

- + The attitude of State Treasury civil servants and employees during transactions

- + Serving style of State Treasury civil servants and employees during transactions

- + Professional skills of its civil servants and employees during transaction

- + Level of simplicity or complexity of the procedure

- + Level of convenience in the transaction

- + Service facilities and conveniences

3.3.2. The criteria for assessing performance of state budget expenses and expenditure control of the State Treasury

3.3.2.1. For operations of state budget regular payments and expenditure control

- a. To add several criteria to evaluate more comprehensively and accurately the state budget payment operation of each unit of the State Treasury*

It is needed to add following criteria:

- Number of recurrent items of expenditures made

- Percentage of tasks completion in accordance with the state budget recurrent expenditures budgeted

This criterion can also be considered in two aspects:

- Task completion rate of State budget recurrent expenditure for each period

- Task completion rate of State budget expenditure in yearly accumulation.

b. Additional criteria for evaluating the performance of each State Treasury unit in state budget expenditure sector

All together, there are four criteria to be used:

- (Periodic and cumulative) State budget recurrent expenses on average per civil servant and employee of State Treasury

- (Periodic and cumulative) State budget recurrent expenses items per civil servant and employee of State Treasury

- Average State budget recurrent expenditure amount per one thousand / million VND of salary

- Average number of expenditure item per one thousand / million VND of salary

c. To add several criteria in evaluating the quality of State budget payment control operations

The criteria possibly used in evaluating the quality of State budget payment control operations include:

- Percentage of controlled expenditure items compared to the total State budget expenditures (which is periodic and cumulative)

- The percentage of the records not in compliance with regulations (which is periodic and cumulative at the time of reporting)

- Number of records solved by the State Treasury before maturity, in due date, and overdue.

- The total number of items and the total amount of payment refused to allocate through expenditure control by State Treasury.

- The percentage of the number of items and the total

payment amount refused to allocate through expenditure control by State Treasury.

- Recurrent advance balance compared with the average total recurrent expenses

- The auditing results of State budget recurrent expenditure implemented by the State Auditors at the budget using unit.

3.3.2.2. Regarding control operation of State Treasury payments for infrastructure capital and targeted programs

In addition to the criterion on payment amounts for infrastructure capital and target programs, on task completion rate of payment amount assigned to each State Treasury unit, it is needed to add the following criteria, in order to evaluate more comprehensively and completely the control activities of State Treasury payments for infrastructure capital and targeted programs:

- a.* Number of projects for which payment have been made

- b.* Number of projects for which advance payment have been made

- c.* Percentage of projects for which payment have been made

- d.* Percentage of projects for which advance payment have been made

- e.* Average payment amounts for infrastructure capital and target programs per State Treasury civil servant/employee (which is periodic and cumulative)

- f.* Average number of payments projects on infrastructure capital and target programs per State Treasury civil servant/employee (periodic and cumulative)

- g.* Average payment amounts for infrastructure capital and target programs per one thousand / million VND of salary

- h.* Average number of payment projects for infrastructure capital and target programs per one thousand / million VND of salary

3.3.2.3. Criteria for evaluating the quality of public administration services in State budget expenditure management activities

The evaluation criteria for the public administration services quality in State budget expenditure management activities of the State Treasury should reflect this particular feature. Specifically, the criteria are as shown at State budget revenue criteria (3.3.1c)

3.3.3. The criteria for evaluating a number of other activities related to the state budget fund management activities of the State Treasury

a. For the mobilization of state budget funds

Some additional criteria are as follows:

- Completion rate of mobilization plans of each unit of the State Treasury (for each batch of mobilization)

- Criteria for the performance efficiency of each State Treasury unit

This criterion can be specified into criteria as reasoned for the performance evaluation criteria in state budget collection activities.

- Criteria on mobilization cost rate

- Criteria for evaluating the quality of public administration services in raising capital for the state budget.

The criteria for evaluating the quality of public administration services in raising capital for the state budget possibly have two alternatives:

- Use such criteria as those evaluating the quality of public administration services in terms of State budget collections (as mentioned in subsection 3.3.1.c).

- Activities to raise capital for State budget can also be considered as quite similar to the capital raising activities of commercial banks. So, we can use such criteria as those used for evaluating the quality of deposits raising service by commercial banks.

b. For operation of advance payment for state budget

For this operation the existing criteria have been relatively completed therefore it is not necessary to add more criteria.

c. For the operation of State Treasury cash fund management

State cash funds should be managed safely and effectively. So, for the State Treasury the following criteria should be added to:

(i) Cash balance of State Treasury funds include:

- Cash balance in VND: Defined as cash account balance, bank deposits and cash in transit.

- Cash balance in foreign currencies: shall be determined cash account balance, bank deposits and amounts in transit.

- Short-term financial investments: Defined as total balance of short-term investments accounts in Vietnam dong and foreign currencies.

- Advance payments from State Treasury funds: as specified in the thesis.

- The capital loans being taken from State budget: Defined as balance of long-term financial investment accounts.

- The capital arising out of such payment processes between State Treasury and external organizations, individuals as: as specified in the thesis.

(ii) Sources of funds

- State budget funds balance: shall be determined by the difference of yearly state budget revenues and expenditures that is accounted respectively for revenues and expenditures during the planning period.

- Balance of financial reserved fund:

- Balance of value added tax refunding fund and other state financial funds

- Deposits of the units

- The capital sources for payments between State Treasury

and units, organizations and individuals apart from the State Treasury system

(iii) The criteria for evaluating the liquidity of the State Treasury

Since the State Treasury is currently implementing concentrated cash balance management, the State Treasury can calculate the liquidity coefficient on the basis of comparing the cash balance to the budget expenditure estimates of the government authorities on the whole of the State Treasury system.

(iv) In addition, it is needed to add evaluation criteria for the proportion of non-cash payments in State budget collections and expenditure through the following criteria:

3.4.TRANSPORT SOLUTIONS EFFECTIVE EVALUATION CRITERIA SYSTEM OPERATION OF STATE TREASURY MANAGEMENT BUDGET

3.4.1. Combination of periodical and regular reports and thematic surveys

The criteria evaluating state budget fund management activities of the State Treasury should be combined under two major forms as periodical reports and thematic surveys.

3.4.2. Develop and improve the process of analysis and evaluation

a. The entities involved in the process:

b. Relations between entities

The process needs to specify the relationships between entities. Basically these relationships are in terms of information. Therefore, the nature of the relationships between entities is flows of information transfers.

c. Contents of analysis

- Analyzing whether the external and internal contexts have effects on the budget fund management activities of the State Treasury

- Analyzing and evaluating the performance of state budget funds management by the State Treasury in terms of: quantity, implementation scale, performance efficiency; performance quality including the quality of public administration services.

- Analysis of causes and influential factors

- Analysis conclusion: specifying on-the-alert key contents and respective specific recommendations.

d. Analytical methods

Specify the analytical methods used. The analytical methods are basically traditional methods, including the methods of qualitative analysis and quantitative analysis.

3.4.3. Organizing analysis and evaluation division of each unit of State Treasury

The separation of analysis function will facilitate the specialization and regulate specific duties, which would contribute to increasing the efficiency of analysis and evaluation operations.

3.5. SUPPLEMENTARY SOLUTIONS

3.5.1. Strengthening the attention of leaders at all relevant levels of the State Treasury

3.5.2. Ensure the requirements of information

3.5.3. Raising awareness of State Treasury's civil servants and employees

3.5.4. Adequate application of information technology

CONCLUSION

The thesis "Building an evaluation criteria system for State budget fund management activities of the State Treasury" has presented the research results with its key contents as follows:

(i) Interpreting the rationale regarding evaluation criteria system for state budget fund management activities of the State Treasury

(ii) Analyzing and assessing the practice of statistical indicators in evaluating state budget fund management activities performed by the State Treasury of Vietnam over recent years.

(iii) Reasoning the objective necessity of building a new criteria system and analyzing the bases for building a criteria system to evaluate state budget fund management activities of the State Treasury

(iv) Designing criteria system contents to evaluate State budget fund management activities of the State Treasury of Vietnam.

(v) Proposing 03 solutions for efficiently applying the evaluation criteria system to State budget fund management activities of the State Treasury:

(vi) Proposing 04 complementary solutions to improve efficiency in analysis and evaluation operations, which would serve State budget fund management activities of the State Treasury

During the study of the thesis, the author has met, exchanged and expressed his opinions to various agencies and units in the financial sector and the State Treasury, so that optimal solutions can be reached and agreed. During his study's period, the author however had to concurrently carry out his office work, while his works on criteria evaluating such a State-managed organisation is fairly complicated. Hence, the thesis would be inevitably incomplete. We are looking forward to receiving relevant colleagues, experts' interest and contributions to make the thesis more complete and applicable for the innovation of the country.

With sincere thanks!