

UNIVERSITY OF TAMPERE  
School of Management  
Master Program in Public Financial Management (NAPA4)

**FINANCIAL MANAGEMENT MECHANISM FOR THE VIETNAMESE  
WOMEN'S MUSEUM – A PUBLIC SERVICE UNIT**

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## **DECLARATION**

Dear Professor Lasse Oulasvirta,

I would like to declare that this thesis is done by myself under the supervision of Professor Lasse Oulasvirta and the whole content of this research were written in English by myself.

Your sincerely,

Vu Thi Minh Hoa

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## **ABSTRACT**

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Similar to any private sectors, all public units are facing up with big challenge of financial allocation management for higher efficiency. In order to deal with the issues of ineffective financial management at public service units, various concepts relating to public performance management will be discussed within this research including the autonomy, self-responsibility, and basing on the outputs; assessing the process of implementation, the results and limitations of financial management mechanism under the autonomy, self-responsibility. Then based on the literature review of these core concepts in accordance with the understanding of current issue facing the Vietnamese Women’s Museum, the author would recommend solutions to improve financial management mechanism in the Vietnamese Women’s Museum.

## **INTRODUCTION**

The major challenge for every government is how to allocate the resources of their countries the most optimal way. Public expenditure management is a tool to manage public resources of each country effectively. Therefore, public expenditure management ties to the formation of public resources of that country. During the last 15 year implementation of Vietnamese public service sector renovation, Vietnam has witnessed the Party, National Assembly and Government's resolutions with Decree No, 10/2002/ND- CP and Decree No. 43/2006/ND- CP dated 16/1/2002 and 25/4/2006 respectively.

At the meeting organized by the Ministry of Finance and Ministry of Home Affairs on 6<sup>th</sup> April 2015 to sum up the two Decree No.130/2005/ND-CP and No.43/2006/ND-CP on autonomy, self-responsibility mechanism for state agencies and public service units, many reviews have noted that the implementation of Decree No.43/2006/ND-CP obtained encouraging results. The public service units in the fields of education, health, culture, sport,economics, etc. have been assigned to financial autonomy, which used state budget to perform their tasks effectively, and managed the assets and human resources to develop and improve quality of the provision of public services, increase revenues actively. The units are autonomous in the mobilization of capital for investment to enhance infrastructure, innovate equipments, and develop activities through the forms of loans from credit institutions, stimulus loans, contribution of their officials and employees, joint venture of equipment installation to operate and exploit. However, there are still restrictions such as the public service units have not been autonomous fully, thus limiting the autonomy of the public service units in developing activities, upgrading the quality of supplying public services, increasing income of laborers; thus not really encouraging the units to go to a higher level of autonomy, to diminish demand for financial support from the state towards self-assurance of spending from their profits entirely.

Continuing to implement innovation target of public service sector of the Government, and to amend Decree No. 43/2006/ND-CP, the Government issued Decree No. 16/2015/ND-CP dated

14/02/2015 on general issues about the autonomy of the public service units. The notable thing of the Decree is that the issue of financial autonomy of the public service units is applied in principle: more autonomous units of financing shall be more autonomous in the management and use of the business results and vice versa. This principle aims to encourage low- autonomous agencies to strive to increase their revenues to stand at a higher level of autonomy.

Empowering public service units financial autonomy contributed to the transformation of the method from inputs to outputs management. Science has proven the superiority of budget management method according to the outputs, in which Le (2011) illustrated that:

- Use inputs budget very flexibly, to produce outputs with suitable prices and costs.
- The budget is prepared on the basis of close cooperation between recurrent and capital expenditure in a medium-term expenditure framework.
- The link between policy, planning and budget is very close.
- The evaluation is based on the efficiency and effectiveness of public goods provided and compared with objectives of policies.
- Managers are empowered with high autonomous right in managing spending of the budget.
- The state agency uses budget management to provide outputs information and report the performance achievement. The Government has received the information from the units, and can evaluate the expected results.(p. 271)

On the basis of legal documents of the state and effective outputs management, the public service units may establish their own methods for their own activities. The problem is that the units put the policy into operation associated with the reality of each unit so that they can use their funds for efficiency, aiming to provide better both in quantity and quality of public services. Recognizing the importance of the matter, I have chosen the theme "financial management mechanism for the Vietnamese Women's Museum – a public service unit" to study.

**\*Aims**

- Aims: To study theoretical issues of financial management with the autonomy, self-responsibility, and basing on the outputs; assessing the process of implementation, the results and

limitations of financial management mechanism under the autonomy, self-responsibility; then proposing solutions to improve financial management mechanism in the Vietnamese Women's Museum.

- Tasks:

- + Reconceptualize basic theoretical issues of fiscal decentralization, performance based budgeting (PBB) in public service units, financial autonomy of public service units in Viet Nam.
- + Analyze and evaluate the situation of financial management in the Vietnamese Women's Museum.
- + Set some solutions to improve mechanism of financial autonomy and financial management at the Vietnamese Women's Museum.

### **\* Research questions**

Main question:

To what extent has mechanism of financial autonomy impacted on the Vietnamese Women's Museum?

Sub questions:

- How is the mechanism implemented and how do the financial management regard the financial autonomy reform in the Museum?
- Whether this financial mechanism has promoted the autonomy and dynamism of the Vietnamese Women's museum, or not?
- Based on the case study, what kind of recommendations can be formed to develop the financial autonomy in the Museum?

### **\* Structure of the thesis**

The theme is "financial management mechanism for the Vietnamese Women's Museum – a public service unit". The thesis includes the introduction, the body and the conclusion, in which the body is structured into four chapters. The first chapter of the thesis is to present theoretical framework and literature review of fiscal decentralization, public sector financial management, financial autonomy of public service units in Viet Nam. The second chapter will show how to collect data and research methodology. The third chapter will then look at the fact of financial management at the Vietnamese Women's Museum, including: overview of the Vietnamese Women's Museum, situation of mechanism of financial autonomy at the Vietnamese Women's Museum, and evaluation of financial autonomy at the Vietnamese Women's Museum. The fourth chapter will examine measures to strengthen the financial autonomy at the Vietnamese Women's Museum and some recommendations to improve the financial management of the Vietnamese Women's Museum (VWM).

# CHAPTER 1: THEORETICAL FRAMEWORK AND LITERATURE REVIEW

## 1.1 Theoretical framework

### *Fiscal decentralization*

According to Oulasvirta and Turala (2009), in order to perform fiscal decentralization, it is a must for local authorities to have their own control system of revenue sources for achieving the provision of appropriate fiscal autonomy and accountability for the local tax payers (p. 314). There are two key determinants of financial autonomy including the income autonomy and expenditure autonomy. Depending on decision-making power, sources of income may be allocated to spending for tasks variously, which shows the level of financial autonomy of local governments. (Oulasvirta, 2009, p.p. 315,319). Referring to the expenditure autonomy, the concept of performance based budget (PBB) in public service units is very effective. According to Andreas Bergmann (2009, p. 9), PBB is also known as the outcome-based budget with the key idea of focusing on the final result of financial planning instead of organizational structure. Basically, the performance-based budgets are illustrated comprehensively via the product or service group but not the revenues and expenditure nature. In comparison with other business natures, it is more common for entities with big business scales to adopt PBB. Another concept usually used in fiscal decentralization process is performance management. Juntunen defines that “performance management generalizes the collected data to provide information about the future” (as cited in Lebas, 1995, p. 79). The performance management is adopted in operation to remain the balance between organization’s resources and goals. In addition, according to Ministry of Finance (2006a), the performance management is also utilized for fostering the organization’s efficiency and performance, especially the higher cost-efficiency (p. 7). In the context of museum operation, in order to achieve the sound performance management, there is a need to set orientation set of the local museum regulation. According to Tliti (2001a, p. 14), a sound orientation of a local museum regulation should cover some key issues including powerful indicator set design for effectively assessing all the museums’ attainment of the social policy results; baseline establishment for future outcomes measurement; and museum’s capability of gathering and processing data warranty framework.

### *Public sector financial management*

According to Bergmann (2009, p. 3), public sector financial management is defined as all activities utilized for analyzing, structuring, setting objectives and implementing measures in scope of finance. In case that the entity is under control of government at all levels, its organization would be established by the government. In addition, this author also confirms that public sector financial planning has long been synonymous with budgeting, meaning the financial planning and authorization for the next year. It is generally accepted that a one-year budget is not sufficient. Most public sector entities around the world have therefore introduced longer-term financial plans or multi-year budgets. (p.p. 8-9)

### *Financial autonomy of public service units in Viet Nam*

On 25 April 2006, Vietnamese government released the Decree No. 43/2006/ND-CP about the responsibilities of classified public service units to perform their accordingly financial autonomy and self-responsibility. According to this Decree, there are three different types of public service units. The first type consisting of units with low revenue are units with operation funds fully funded by the state budget. The second type including units which self-finance a part of their regular operation expenses, have not yet fully paid for themselves regular operating costs; and the state budget allocated a part of the regular operating costs for the unit. The third type of units which self-finance all their regular operation expenses, cover all operation expenses. The State does not have to provide funds to ensure regular activities for the unit.

The ability to ensure regular expenditure of public service units is determined based on the results calculated from the following formula:

$$\text{Self-financing regular cost rate (\%)} (1) = \frac{\text{Total revenues}}{\text{Total spending on regular activities}} \times 100\%$$

In which:

- Units shall self-finance their operating expenses as determined by formula (1), with a rate  $\geq$  100%.
- Units self-finance a part of their operation expenses according to formula (1) with a rate from 10% to below 100%.
- Units shall cover all operation expenses according to formula (1) with a rate of less than 10%.

Thus, the classification of public service units by revenue sources with self-finance level will help to evaluate the effectiveness of public finance management, the ability of financial autonomy and control of them. Therefore, it is much easier for the Government to allocate the budget and to assign tasks to the units more closely and more reasonably. In general, the public service units are classified by its type of activity. According to this classification, there are seven types of public service units including the education and training sector in the national education system's public service units; the health sector's public service units; the culture and information's public service units; the radio and television's public service units; the science, technology and environment's public service units; the physical education and sports' public service units; the economics' public service units; and other fields' public service units.

### ***Income autonomy***

This Decree also clarified the revenue and scope's autonomy and the financial resource's autonomy of the public service units. Mentioning the revenue and scope's autonomy, it is compulsory for the public service units to gather charges and fees correctly as being assigned by the state agencies for achieving the expected revenues. In some cases of charge frame built by the State, it is necessary for the units to determine their own charge rates on different operations based on the activities' spending demand and capacity to both ensure the attractiveness of provided services and the authority's previously set frame. Additionally, all the exemption and reduction policies must be adopted by the units in accordance with the state's regulations. With regards to the ordered products and services of the State, they are State bodies to establish the charge rates. If the State agencies haven't finished the product's price setting, the previous approved costs for the same level agreed by the finance bodies will be applied to set the charge rates. With regards to the services cooperating with local and oversea organizations or individuals, the charge rates will be

determined by the units based on the expected revenues which are in line with the successful covering of operation costs at least.

### ***Expending autonomy***

Mentioning the financial resources' autonomy, the units' Heads are responsible for deciding not only the management cost but the operation cost also. Their decisions must be made based on their assigned responsibilities and financial resources as indicated in this Decree's Clause 1, Article 15. In addition, it is a must for them to ensure clearly defined whether their expenses are higher or lower than the state's frame. It is also charge of unit's Head to determine the operation package for particular department. Any investments on constructing, asset's overhaul and enhancement should also be in line with the state law and this Decree's provisions.

## **1.2 Literature review**

There were some articles of the scientists, managers of state agencies which posted in some periodicals researching on autonomy for the state agencies and the implementation of Decree 43/2006/ND-CP dated 25/04/2006, and many assessment reports of the Ministry of finance, units and localities across each period, such as reports "Increase autonomy for public service units " date 25/11/2014 - Financial Institute, "Application of the method of outputs budgeting in public expenditure management in Vietnam" - Journal of accounting 2006. There were a number of books of public expenditure management, such as book "Public expenditure management" of As. Prof. Dr. Le Chi Mai published in 2011.

There are some other sources that were related to my topic, namely: Vu Minh Dung 2011, Nguyen Thi Hong Ha 2012, Marsela Giovani Hussen 2006, VuokkoKohtamaki 2009, and Jari Mononen 2013.

In Vietnam, it is compulsory for all public service units to conduct a report on their autonomy and self-responsibility in finance achievement assessment for a three year period. In addition, they are also required to prepare the new plan for the next period which is in line with the government's Decree 43/2006/ND-CP dated 25/4/2006.

Research gap: The above works were to clarify some theoretical issues about self-financing mechanism in the public service units. But most studies only analyzed the mechanism of financial autonomy of an accounting unit belonging to the field of education, training, and other, but did not have any works which research, evaluate, analyze issues related to the field of culture.

Wishing to analyze the fact of financial management, to find out the limitation and the cause of the limitation in implementation of financial autonomy mechanism at the Vietnamese Women's Museum which is the unit of partially self- assurance of regular budget, I chose this topic with the case study of the Vietnamese Women's Museum as my thesis. Therefore, studying adequately this subject will continue to improve the mechanism of financial autonomy - a solution to reform public finances.

## **CHAPTER 2: DATA AND METHODOLOGY**

The general method in this study is case study. Within this research, the author combines both qualitative and quantitative research methods in accordance with the data collection and data analysis to achieve the highest reliability of the outcomes. In detail, the data analysis is used to analyze the problems and approaches to explore the theory involved. The data collection will be used to collect documents, book keeping, financial statements, approval of settlement data by seniors at the Vietnamese Women's Museum. Specifically, this study focuses on evaluation of financial autonomy in the period of 2013 – 2016.

### **2.1 Data**

There are four types of data that will be gathered and used as my research's materials within this thesis. First of all, this research will gather data from various resources including previous researches, articles, Vietnamese legislations about the financial autonomy topic, the local Decree of public service units' financial autonomy, reports of implementing the decree, minutes of seminars, etc. Secondly, the author will try to gather annual revenue data including state budget, revenue taken from annual financial statement during the period of 2013 – 2016, annual spending taken from the annual data approved by the Vietnam Women's Union. Thirdly, the financial autonomy capacity of the unit for 2013-2016, taken in the phase report, and the evaluation of the director of the Vietnamese Women's Museum will be also collected as crucial research materials. Finally, questionnaires are designed as a type of an interview, which sent to the key people of the Vietnamese Women's Museum, including: the board of director, the head of administration department, and the chief accountant.

During the process of collecting data, I compose an interview sheet (enclosed in the appendix 1). Every time, conducting interviews I have to take notes information that the interviewees give, which lasts about 30 minutes/person.

In general, the opinions of interviewees have the same opinions. But, according to position of each person, they make a statement about the different aspects, for example the chief accountant care about the issue of expenditure control of the State Treasury, while assessment of the Vietnamese Women's Museum's director often concentrates on decentralization of financial management and the mechanism of financial supervision, settlement in the unit.

The data are synthesized and analysed by using MS excel. To illustrate the research results, the essay uses description statistics, sums, tables, and bar charts. Besides, open questions answered by the interviewees are very useful.

## **2.2 Research methodology and data analysis**

According to Gillham (2000), a case study aims at investigating the case's context, looking for a wide range of evidence from various sources and arranging them properly to work out the particular research questions. The combination of utilizing various evidence sources seems most effective as each source has its own pros and cons satisfying one or some particular aspects of the case study research. This author also indicated that during the use of case study method, researchers are required to use various different sub-methods for best research outcomes such as interviews, work samples, data processing, etc. The utilization of myriad sub-methods in case study method helps minimize the negative impacts of participant's discrepancy between their sharing and their actual performance for more reliable gathered data. In his research, Gillham presented his finding of using narrative as the most common method for case study report presentation which is based on the survey's logic and reasons. It is strongly believed that they have a 'narrative' sequence and 'tell a story', although they are rarely a compelling read.

In order to achieve the most reliable research results and findings, it is necessary for researchers to take great advantages of myriad evidence types including documents, records, interviews, detached observation, and participant observation. Speaking of documents, there are various forms such as regulation, policy decrees, guidelines, frameworks, etc. Thanks to these documents, researcher can gain understanding about a formal framework presenting a close relationship with the case's reality. The records easily stored on computers are very helpful in providing researchers

with more details of a current issue in the previous period for more exact and meaningful evaluation. Speaking of interviews, it is considered as the most active way for researchers to gather their expected information and data from targeted audiences regardless their changes in formality and informality in accordance with the interview context. The other type of evidence is detached observation which is considered as the 'fly on the wall' approach for higher level of systematic data gather. One of the most frequently used evidences in case study is participant observation. During the participant observation, it is highly necessary for researchers to put an eye on their participants and get written record of all participants for most useful collected data. For instance, you were doing a multiple case study of dyslexic students, then samples of their written work could be an important part of your data collection. Sometimes this kind of evidence is the most important. If you were studying creativity in designers you might keep actual samples or photographic. Sometimes this kind of evidence is the most important. If you were studying creativity in designers you might keep actual samples or photographic” (Gillham, 2000, pp. 21-22.)

According to Simons (2009), case study research commonly uses three methods: interviewing, observing and document analysis, but prefer to interview rather than other research methods. The main reason for using interview is due to its effectiveness in exploring the core factors of the researched case in shorter time with deeper understanding via the face-to-face interaction with participants to foster their engagement and sharing during interview time for more exact and honest information (p. 43)

Simons gave a memo like that:

“Case Study Memo: the Process of in-depth Interviewing

- State the purpose and focus of the interview clearly and succinctly.
- Keep questions short and simple. Avoid complicated preambles and questions with several prongs which leave interviewees not knowing how to respond to what aspect of the question.
- Avoid offering alternatives in questions: Is it this that you think? Or this ...? Or this ...? Such a tactic tends to lead to yes or no answers and little in-depth understanding unless the prompt is the basis of previous analysis and is seeking confirmation.
- Listen actively and learn.

- Remember that listening is not simply letting interviewees talk. This could mean letting them ramble and gaining little relevant data for your research. Maintain focus through eye contact, body language, the odd word, phrase or question.
- Try not to interrupt interviewees to agree with their point of view or summarize too soon. These are tactics we sometimes fall into if we are anxious that an interviewee is going off-track or time is running out.
- The process of regarding the interview as a conversation encourages engagement by interviewees. However, if you talk too much you may learn less. It may [Page 51] also disempower interviewees, after persuading them that you are interested in hearing their views, you then proceed to give your own!
- Refocus and sharpen interview questions as you proceed.
- Be responsive to additional questions provoked by an interviewee's story.
- Do not aspire to a false objectivity by assuming you can standardize the questions and that each person will understand them in the same way.
- Use the interpersonal nature of this style of interviewing to generate in-depth data.
- Plan your exit interview carefully. It may be the final opportunity to gain crucial data relevant to an understanding of the case. Follow-up telephone calls can be made but these are best reserved for the unexpected, which may arise in the final stages of analysis and reporting.
- Remember to write and thank the person interviewed after the interview.” (Simons, 2009, p. 50)

About questionnaire Simons (2009) give a table as below (p. 60):

° Table: The verbal data dimension

Unstructured ←————→ Structured

Verbal observation focusing on participant’s conversation	Asking research question with natural conversation style	Open-ended interviews with focus on some main open questions	Semi-structured interviews, i.e. open and closed questions	Recording schedules: in effect, verbally administered questionnaires	Semi-structured questionnaires: multiple choice and open questions	Structured questionnaires: simple, specific, closed questions
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In case study – Vietnamese Women’s Museum, I use both document analysis and interviewing key persons in the Vietnamese Women’s Museum. Firstly, that is document analysis thanks to its convenience, time-saving and effectiveness in data collection for the research completion. Secondly, I chose to interview the board of directors, the head of administration department, and the chief accountant of Vietnamese Women’s Museum about financial management, autonomy, performance management and about the needs to develop autonomy and management based on their experiences and views.

The interviews of the persons in the Vietnamese Women’s Museum were conducted face to face in March 2017, when the unit had finished the report of assessment on implementing the Decree 43/2006/ND-CP dated 25/04/2006 of financial autonomy annually. In my interviews I took into consideration the interview instructions explained in this chapter of the study. Furthermore, the author of this thesis works for the Vietnamese Women’s Museum and has had the opportunity to observe financial management in practice in the case study organization. I have been working for the Vietnamese Women’s Museum for 11 years, so that I know this unit clearly before and after reform process which implement the Decree 43/2006/ND-CP dated 25/04/2006 of financial autonomy.

I conducted all interviews in March 2017, in particular, the board of directors on 6<sup>th</sup> - 9<sup>th</sup> March 2017, the head of administration department on 15<sup>th</sup> March 2017, the chief accountant on 24<sup>th</sup> March 2017.

I chose 6 people (including: the board of directors – 4 people), the head of administration department, and the chief accountant of Vietnamese Women’s Museum) as my interviewees because they are managers of the Vietnamese Women’s Museum who have knowledge of State policies, and understand deeply about the Vietnamese Women’s Museum organization. Based on interview sheet, their opinions focused on some different fields, in which: The board of directors who prepared the phase report of implementing financial autonomy for 2013-2016 period, gave their views about how changes in the regime and norms effect funds of the unit, state budget, achievements about decentralization of financial management, mechanism of financial supervision and settlement. The head of administration department paid attention for income of

employees, and the ways to create funds. The chief accountant supplied me with the valuable financial figures to analyze the mechanism of financial mobilization and expenditure. She also access implementation of the regulation on internal expenditure, expense control of State treasury, and what difficulty the unit makes when implementing the plan of year budget.

# **CHAPTER 3: THE FACT OF FINANCIAL MANAGEMENT AT THE VIETNAMESE WOMEN'S MUSEUM**

## **3.1 Overview of the Vietnamese Women's Museum**

### **\* Functions and duties**

According to the Decision No. 282/QĐ-ĐCT dated June 10, 2009, the Presidium of the Vietnam Women's Union defines the functions and tasks of the unit.

### *History*

Located in Ly Thuong Kiet Street, one of the most ancient street in Hanoi capital of Vietnam with variety of French-style architectures, famous hotels, and government offices, Vietnamese Women's Museum (VWM) attracts more and more visitors every day, especially on the event days. Founded in 1987 and operated by Vietnam Women's Union, Vietnamese Women's Museum aims at researching, preserving, and displaying all the Vietnamese women's tangible and intangible values and cultures. In addition, it is also the location for Vietnamese women to exchanges the culture and values with international women for achievement of equality, growth and peace. Since its first public launch in 1995, there have been myriad exhibitions held successfully by VWM attracting millions of both local and oversea visitors. In the area of VWM, more than 25,000 items and materials relating to Vietnamese women are displayed providing visitors comprehensive understanding and interesting facts about Vietnamese women. After some years of deactivating the signature exhibit, VWM has made series updates and enhancement on these exhibits to make them more informatic, interesting and attractive with three key themes of Women in family, in history and in fashion. For the last few years, VWM has become more impressive and appealing to visitors thanks to their ceaseless efforts in improving their display in accordance with facilities updates. Moreover, VWM has been on its way to diversify its recognition of not only a cultural and historical museum about women but also an intensive information hub for visitors who are in favor of cultural traditions and modern life's social issues.

The series changes and innovations made at VWM have successfully provided visitors with more interesting experience and feelings. By watching thousands of displayed materials, photos and objects, the visitors now gain deeper understanding about the culture and specific traits of Vietnamese women such as their marriage, childbirth, historical figures, wartime, and so on. Apart from the regular exhibits, there are various specific and themed exhibitions held by VWM with a modern approach to best illustrate the society's changes targeting at specific groups, especially the women and children. With the ambition to make museum more appealing to the whole society, VWM has made ceaseless efforts in diversifying both their exhibitions for knowledge and education activities to boost the communication among public and groups. Furthermore, VWM also strives to provide both local and oversea visitors more distinctive experiences by focusing on improving their content, service quality and brand image as well. It is noticeable that VWM's efforts were highly appreciated by the public with the recognition of TripAdvisor as "One of the best attractions in Hanoi in 2012". A year later, this most famous tourist website in the world reported VWM as the most 25 must-come destination in Asia with the impressive message "Worth a visit - touching stories". The intensive approval and interests of visitors are the driving forces for VWM to continuously enhance their quality and operation to become more and more attractive destination. The attractiveness of the museum gives good preconditions for self-financing from visitors fees.

### *Mission*

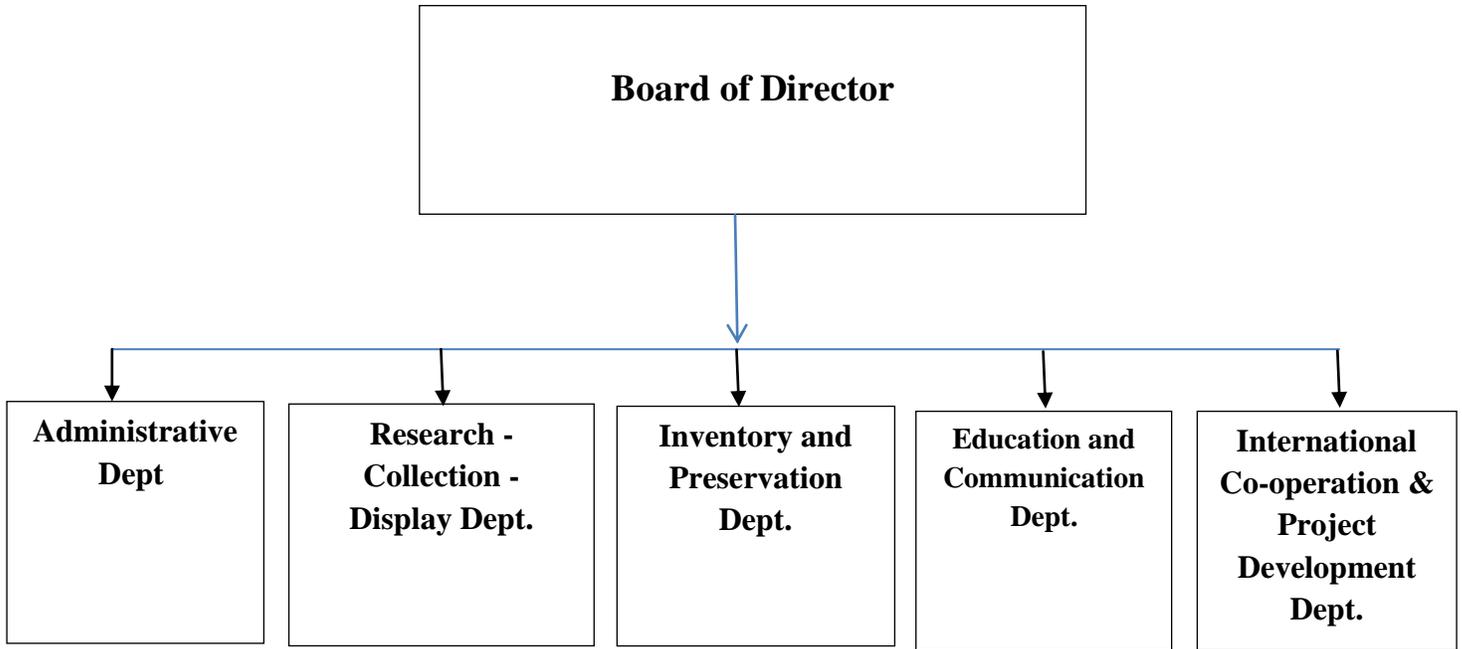
VWM commits to achieve the mission of improving the public understanding of Vietnamese women's history and cultural heritage via series of displayed objects and materials within suitable anthropology approach. In addition, ceaseless efforts are also made to diversify the contents and activities within the museum for attracting more visitors and better promotion of gender equality.

- Research, develop and implement projects, short-term and long-term plans.
- Research on the gender issues, culture, development history of Vietnamese women, of Viet Nam Women's Union and museology in accordance with functions and duties through the museum's materials and objects.

- Collection, inventory, preservation, display and introduction of collections of documents, artifacts on culture, history of development of Vietnamese women, and VWU through periods.
- Guide and serve the domestic and foreign visitors to visit and study at the museum; carrying out propaganda and education on the culture and history of development of Vietnamese women and the Vietnam Women's Union through documents and artifacts of the museum.
- Research and apply scientific and technological advances to museum operations.
- Receive documents and objects related to culture, history of development of Vietnamese women and Vietnam Women's Union given by organizations and individuals.
- Compose, publish materials on culture, history of development of Vietnamese women, the Vietnam Women's Union according to the regulations of the Party and the state.
- Manage materials, specialized library, documents, books, pictures, films, video tapes and scientific research works of the museum.
- Carry out the transfer of documents and objects according to regulations, repairing, and restoring objects, providing copies of documents and objects according to their assigned functions and tasks and the provisions of law.
- Cooperate with other museums, relevant cultural and scientific institutions and organizations and individuals to organize activities, exploit the resources of domestic and abroad individuals and organizations to support the museum's activities.
- Organize cultural, recreational, entertainment activities in conformity with the museum's functions and tasks and the provisions of law.
- Charge fees, and management fees in accordance with the law.
- Ensure safety and security in the area managed by the museum.
- Manage the organizational apparatus, payrolls, personnel and implement regimes and policies for officials, public servants and employees according to the State's regulations and the management decentralization of The Vietnam Women's Union.
- Manage and use budget, assets and other revenue as prescribed by law.
- Perform other tasks assigned by the Vietnam Women's Union.

**\* Departments:**

**Figure 1:** Structure of Vietnamese Women's Museum



The implementation of payroll norms in the process of implementation of the financial autonomy mechanism follows to Notice 13 /TB-DCT dated 13 March 2009 on the distribution of payroll norms of the Vietnam Women's Union.

Number of payroll: 34 people

Number of employees: 44 people

Of which: 1 person having PhD, 6 people having Master, 29 people having Bachelors; College, Intermediate and others: 8 people.

**\* Characteristics of the financial management mechanism at the Vietnamese Women's Museum**

The Vietnam Women's Museum is a tertiary level budgeting unit under the Vietnam Women's Union, which is a public non-profit organization that self-funds part of its regular activities.

Since 2005, the unit has been given financial autonomy over a three-year period:

- In the period of 2005-2007, the Vietnamese Women's Museum was granted the financial autonomy and the State budget allocations to ensure regular activities under Decision No. 132/QĐ-ĐCT dated 18/2/2005 by the President of Vietnam Women's Union.
- In the period of 2007-2009, the Vietnamese Women's Museum was granted the financial autonomy and the State budget allocations to ensure regular activities in accordance with Decision No. 437/QĐ-ĐCT dated 30/7/2007 by the President of Vietnam Women's Union.
- In the period of 2010-2012, the Vietnamese Women's Museum is assigned the right to self-finance a part of its regular activities in accordance with Decision No.930/QĐ-ĐCT-KHTC dated 20/12/2010 by the President of Vietnam Women's Union.
- In the period of 2013-2015, the Vietnamese Women's Museum is assigned the right to self-finance part of its regular activities under Decision No. 227/QĐ-ĐCT-KHTC dated 08/4/2013 by the President of Vietnam Women's Union.
- In the 2016-2018 period, the Vietnamese Women's Museum is assigned the right to self-finance a part of its regular activities according to Decision No. 72/QĐ-ĐCT dated 29/01/2016 by the President of Vietnam Women's Union.

Self-financing of VWM is from 22% to 32% in the period 2013-2016 (shown in Table 1: Synthesis of revenues and budget spending for the period of 2013-2016 at the Vietnamese Women's Museum).

The main sources of revenue include:

+Budget provided by the state.

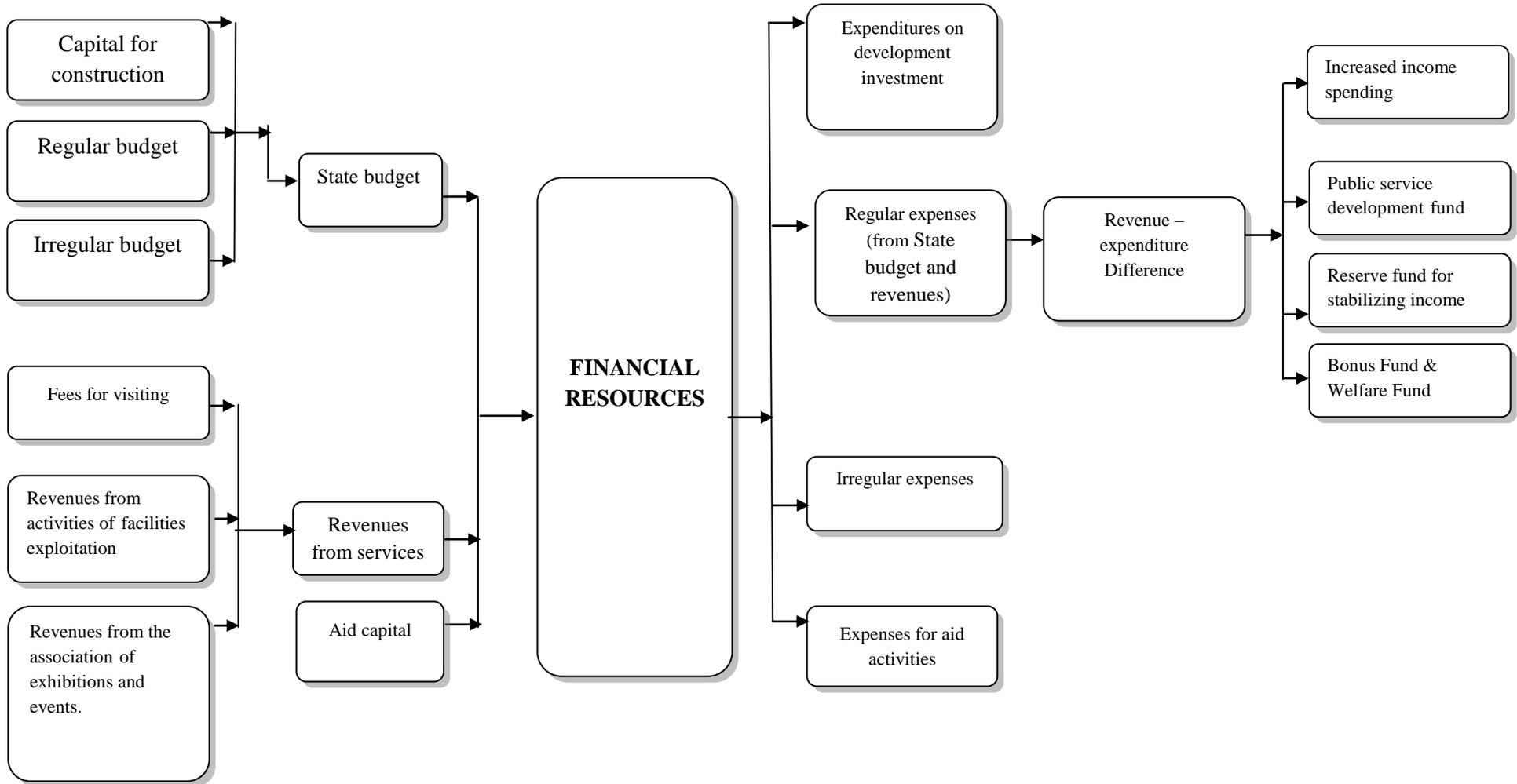
+ Revenues from:

. Fees for visiting, according to the Ministry of Finance's Circular No. 205/2016/TT-BTC dated November 9, 2016, on the rate, collecting, payment, management and use of fees for visiting the Vietnamese Women Museum.

. Revenues from activities of facilities exploitation: services for visitors, hall rental.

. Revenues from the association of exhibitions and events.

**Figure 2:** Financial management model according to Decree 43/2006/ND-CP at the Vietnamese Women’s Museum



### **3.2 Situation of mechanism of financial autonomy at the Vietnamese Women's Museum**

According to the website of the Finance department of Da Nang, they synthesized the assessment of the implementation of the decree on the implementation of autonomy and self-responsibility in task performance, organizational structure and finance for public service units ([www.taichinh.danang.gov.vn](http://www.taichinh.danang.gov.vn).)

#### ***Achievements***

In fact, the implementation of Decree No. 130/2005/ND-CP and Decree No. 43/2006/ ND-CP aligned to the framework of the administrative reform Program in the period of 2001-2010, dated 17 September 2001 by The Prime Minister has created a breakthrough from thinking to acting in mobilizing social resources to develop public services, increased decentralization and expanded autonomy and self-responsibility for administrative and public service units. There are three advantages gained from this policy:

First of all, the activities of state administrative agencies and public service agencies are clearly separated (state administrative agencies performing management functions, whereas public service agencies providing public services); Autonomy mechanism motivated these agencies improve their performance; step by step raised the efficiency and effectiveness of state management and met the need of the society.

Secondly, to create the right of autonomy and raise the duties of unit's Head to ensure the efficient utilization of payrolls, funds and revenues in order to fulfill their assigned tasks and ensure their publicity and transparency.

Thirdly, to promote well the State's undertakings on saving and waste combat; To create conditions for raising the lawful incomes for laborers, accompanied with the working efficiency of each cadre and civil servant; Also, have more budget to implement administrative reform in the administrative and public service sector. The autonomy and self-responsibility mechanism has contributed to promoting the reorganization, the arrangement and use of cadres and civil servants in line with their functions, tasks, powers and organizational structure; to saving budget;

improving the material base, to step by step modernizing the management technology and increasing the incomes of cadres and civil servants.

The implementation of Decree 130's outcomes, according to incomplete statistics of the Ministry of Finance, show that up to now, most ministries have assigned autonomy to 100% of dependent units. 100% of the provinces and cities under the Central Government have assigned autonomy to each of their dependent agencies and units. Ho Chi Minh City, Binh Duong and Binh Thuan have implemented the empowerment for 100% of communes and wards. Some provinces and cities are experimenting in some communes such as Ha Giang with 18/195 communes (accounting for 9.2%), Lam Dong with 59/145 communes (37%), Da Nang 53/56 (94,6%), In Ba Ria-Vung Tau, 14 out of 82 communes (17%), Long An 156/190 communes (82%), 144 of 203 communes in Dong Thap accounting for 71% .

Implementation of Decree 43 has also achieved encouraging results. Public service units in the areas of education, training, health, culture, sports and physical education, economy, empowered financial autonomy used state budget actively for efficient performance. At the same time, units use flexibly assets and human resources to develop and improve the quality of public service provision (medical examination, training, etc.) and to create more revenue. Public service units are self-reliant in mobilizing capital sources to invest in improving material foundations, renovating equipment and developing non-business activities; through the forms of borrowing capital from credit institutions, borrowing stimulus funds, mobilizing capital from officials and employees in the units, and jointly installing equipment for joint exploitation. According to statistics, up to now, 25,631 public non-business units have been given financial autonomy (96.7%); Of which, 845 self-assure operating costs units, 10,431 guarantee a part of operating expenses units and 14,355 units, which are fully funded by the state budget. (*Source: Report of Ministry of Finance*)

According to a incomplete report, the revenue from public services assuring for regular activities of public service units under ministries and central agencies in 2010 was about VND 12,516 billion (equivalent to 68.84% of regular operating budget). For units of the local area, the revenue in 2010 reached VND27,539 billion (equal to 43.44% of the regular operating budget).

The revenue of public service units is higher than that of the previous year; in 2008, it reached VND37,509 billion, VND39,808 billion in 2009 (equal to 106.13% compared to 2008), VND40,056 billion (equal to 101% compared to 2009).

The revenues of units under ministries and central agencies adding to saving 10% of the regular expenditures of the State budget, thus has contributed to partially the demand for increased wages as stipulated by the Government.

### *Limitations to fix*

Minister of Finance Vuong Dinh Hue acknowledged, despite the initial results, in practice the implementation of Decree 130 and Decree 43 also revealed many limitations (at the conference held On the morning of April 6, 2015 by the Ministry of Finance and the Ministry of Home Affairs to summarize the two decrees 130/2005/ND-CP and 43/2006/ND-CP on autonomy and self-responsibility of State agencies and public service units). The process of implementing the mechanism of self-control, self-responsibility with state agencies, especially for public service units is inadequate and weak. The implementation in many areas is slow to innovate, heavily on the subsidy thinking, the units have not actively mobilized and efficient use of state and social resources to develop services. The quality of growth, productivity and competitiveness are low; the quality of public services that does not meet the socio-economic needs, the use of the state budget is not really effective are the factors that affect the development and balance of the state budget. The implementation of autonomy and self-responsibility of public service delivery units has been slow, with no breakthrough, separation between the functions of state management and public service delivery. State management agencies and non-productive units are still unclear and effective due to the promulgation of mechanisms and policies to implement Decree 43 on the exercise of autonomy and accountability to units. Career is slow, not synchronized.

Deputy Minister of Home Affairs Tran Anh Tuan also pointed out the limitations in the implementation of Decree 130. Decree 130/2005/ND-CP stipulates that the administrative fund allocated to the implementing agency Autonomy from the sources: (1) State budget grant; (2) Fees and charges shall be retained according to the prescribed regime; (3) Other lawful revenues

as prescribed by law. However, due to the lack of specific provisions on revenues which are called other legal revenues of state agencies. In practice, some state agencies have made extracts, but they do not account this revenue into the agency's revenue. Moreover, the determination of budget allocation for implementation of the autonomous mechanism is based on payroll, so it is not linked to the results and quality of work. Ministries at central and local levels are always inclined to recommend increased payroll for increased autonomy. Some Central Ministries and branches shall allocate autonomous funds for specific professional expenditure items, but as the specific workload is not clearly defined, the appraisal of allocation of autonomous budget estimates is not accurate, leading to the end of the year to overspending (in essence is over budget), and to the use of savings to spend money. The autonomy of the head of the unit is limited because the agency is allowed to develop its own internal spending regulations but the level of expenditures must not exceed the norms and norms promulgated by competent state agencies. Funds allocated to implement autonomy, but still have to ensure the lawful and valid vouchers and invoices as prescribed. So, for many expenses like stationery, office telephone, the autonomy unit has allocated to each department, each staff at a fixed rate, but invoices are required to legalize the settlement documents. (Finance department of Da Nang, 2016)

### **3.2.1 The state of financial mobilization mechanism at the Vietnamese Women's Museum**

#### ***3.2.1.1 The situation of financial mobilization mechanism from the state budget***

Since 2005, the Vietnamese Women's Museum has been given financial autonomy by the Vietnam Women's Union in three-year periods. State budget funds for performing cultural tasks include:

Expenditures on development investment: This is the expense for investment in the construction of material foundations, infrastructures, investment projects on equipment and machinery for major tasks.

Regular expenditures: This is a public expenditure, not a direct reimbursement, the management of expenditures is in compliance with the State Budget Law and the current financial

management mechanism. Based on the classification, the allocation of funds under the approved plan, the budget allocated by the Ministry of Finance and the appraisal opinion of the Ministry of Finance on the budget allocation plan, the Vietnam Women's Union will balance and assign the State budget to the units on the principle of ensuring the self-control and self-responsibility plans and the additional funding for the increased tasks in the year according to regulations. These funds mainly include: Individual payment group: Salary and personal payments; Professional operation group: services payments, expenses for hiring, international cooperation expense, regular repair of fixed assets, professional expenses in the deployment of political tasks; Other expenditure groups: payments related to unexpected activities at the unit, payment for supporting to mass organizations, and party work.

Non-regular expenditures: Expenditures for investment in facilities (buying and repairing assets) and the performance of unexpected tasks: This budget is mainly focused on increasing investment in equipment for serving tasks of collecting, displaying and preserving objects. Expenditures for the performance of scientific research tasks: This annual budget depends on the number and level of scientific research subjects assigned by the ministries and branches. Budget allocated for other unexpected tasks in the year: Mainly perform political tasks assigned by the Vietnam women' union, such as exhibitions serving the National Women's Congress.

Fundamentally, the management of regular expenditures is implemented in line with the provisions of the Law on the State Budget and the approved internal spending regulations. For non-regular expenditures, the deployment of tasks must be in line with the current financial management principles of the State on procedures and cost norms.

### ***3.2.1.2 The state of the financial mobilization mechanism from non-state budget sources***

After being given autonomy, self-responsibility in finance, there has been a great change in the mindset and financial management method of the unit. Implementing autonomy means being more proactive in deciding the existence and development of the unit, improving employees' income. In fact, the Vietnamese Women's Museum has been more proactive in renovating and improving the quality of activities to increase revenue, cost savings. In general, the total revenue

of the next year is higher than that of the previous year. It is due to the change in the regime, norms of the State, and the exploitation of the existing facilities.

Revenues at the unit include:

- Fee :

According to Circular No. 200/2010/TT-BTC dated 13/12/2010 of the Ministry of Finance about the rates, the regime of collection, remittance, management and use of fee to visit the VWM, the entrance fee will be calculated as following:

Adults: VND30,000/person/time;

Pupils, students at vocational schools, secondary schools, colleges, universities; Vietnam Women's Union association members: VND 10,000/person/time;

People are subjects of preferential policies of cultural enjoyment (50% reduction of the rate): VND 15,000/person/time;

Free for guests who are delegates, guests of the Party, State, National Assembly, Government; Children, students at elementary school, junior high school, senior high school.

- Other revenues:

Revenues from activities of the exploitation of facilities: services for visitors, hall rental.  
Revenues from the coordinated activities of organizing exhibitions.

At present, the Vietnamese Women's Museum is a public service unit which has revenues, so increasing the proportion of revenue compared to the state budget is an indispensable trend. The unit is constantly expanding its scope and actively exploiting revenues within its functions and tasks to increase its revenues, contributing to reducing the burden on the state budget.

**Table 1:** Synthesis of revenues and budget spending for the period of 2013-2016 at the  
Vietnamese Women's Museum  
Unit: million VND

<b>No</b>	<b>Content</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>A</b>	<b>Revenues</b>	<b>3,966</b>	<b>3,259</b>	<b>9,212</b>	<b>3,957</b>
1A	Entrance fee	1,635	1,459	1,565	2,140
2A	Revenues from activities of facilities exploitation	500	1,075	7,015	1,517
3A	Revenues from others	1,831	725	632	300
<b>B</b>	<b>Expenditures</b>				
1B	Regular expenditures	6,282	6,510	6,375	6,692
2B	Irregular expenditures	973	730	795	1,009
<b>C</b>	<b>Spending on service activities</b>	<b>573</b>	<b>564</b>	<b>5,927</b>	<b>1,183</b>
	Self-financing level (1A/1B x 100%)	<b>26%</b>	<b>22%</b>	<b>24%</b>	<b>32%</b>

*Source: Synthesized from the State Budget settlement Report for the period of 2013-2016 for the Vietnamese Women's Museum*

### **3.2.2. The state of financial expenditure mechanism at the Vietnamese Women's Museum**

After being assigned autonomy and self-responsibility of finance, the Vietnamese Women's Museum has proactively spent from the State budget. In the management of finance, property and construction investment, the unit have ensured the strict implementation of the budget management process from the budget estimation, examination and settlement following the provisions of the State Budget Law on the focus on ensuring efficiency, saving and anti-waste.

*\* Regarding the mechanism of regular spending*

In the past years, the Vietnamese Women's Museum's funds have focused on professional work for researching, collecting and displaying for visitors. On the approved self-control and self-responsible plan, the unit has deployed the internal expenditure regulation on the principle of complying with the regulations and guiding documents of the State.

Up to now, the Vietnamese Women's Museum's internal expenditure regulation has been adjusted in accordance with the assigned political tasks. According to this regulation, the content of regular expenditures of the unit includes: For personal payment: regarding wages, salaries and allowances, social insurance, health insurance, trade union funds, unemployment insurance, overtime allowances, payments are ensured according to the current procedures and order of payment and settlement of the State's current regime. For buying goods and services: signing contracts with outside service providers for the work of cleaning, tending and preserving flower gardens and ornamental trees in order to raise quality of service and reduction of administrative staff work. For procurement and repair of fixed assets: Asset management basically complies with the current regulations from procurement, asset book keeping, using, annual inventory, transfer or liquidation. For professional activities: signing contracts with partners to perform tasks that the unit can not perform on its own. Besides, paying for staffs' professional activities is specified in the internal spending regulation, which base the remuneration the on the degree of complexity, difficulty or ease of implementation. For other spending groups such as support for mass organizations, expenses for holiday support, rewards, guest reception. These costs are basically spent on general norms prescribed by the State.

\* *Regarding the mechanism of irregular spending:* The management and use of these irregular funds is complied with the State's current regulations

\* *Regarding the mechanism of increasing income payment, setting and using of funds*

In order to ensure the interests of the cadres and civil servants and encourage them to perform professional, the internal spending regulation of the Vietnamese Women's Museum is very specific in terms of distribution of the revenue-expenditure difference, which is: after paying expenses, taxes and other payments as prescribed, pursuant to Circular 71/2006/TT-BTC, the difference divided into two cases:

- In case of the revenue - expenditure difference more than the total of wage fund of the year, the unit stipulates the payment of increased incomes and the setting of funds as follows: Deduct at least 25% of the revenue-expenditure difference to establish of activity development fund; Pay increased income for employees; Setting funds: reward fund, welfare fund, income stabilization fund. For the reward fund and the welfare fund, the maximum level of the two funds shall not exceed the number of three months' salary and remuneration and the average annual income increase.

- In case of the revenue - expenditure difference equal to or less than the total of wage fund of the year, the unit stipulates the payment of increased incomes and the setting of funds as follows: Pay increased income for employees; and implement according to regulation of operational funds; Deductions for the establishment of non-business development funds, reward fund, welfare fund and income stabilization fund. With regard to the reward fund and the welfare fund, the maximum deduction level for the two Funds shall not exceed three months' average salary, wage and income increase; Setting funds: public service development fund, reward fund, welfare fund, income stabilization fund. In which, the total of the reward fund and the welfare fund shall not exceed the number of three months' salary and remuneration and the average annual income increase.

- Regarding increased income payment: on the principle that people who have high performance, contribute much to increase revenue, save more money, will have more income. The payment is based on the results of the monthly performance evaluation and the provisions of the internal

spending regulation. However, in fact, over the years, the financial results of the unit were not high. The level of savings from regular budget does not exceed one time salary level in the year. The increased income payments and the establishment of funds from units are shown in Table 2.

**Table 2:** Synthesis of revenue – expenditure difference for the period of 2013-2016 at the Vietnamese Women’s Museum

Unit: million VND

No	Content	2013	2014	2015	2016
1	Revenue- Expenditure Difference	3,579	2,895	3,824	3,079
2	Increased income spending	1,331	1,460	1,170	1,234
3	Funds	1,574	987	1,587	910
3.1	Public service development fund	840	530	899	485
3.2	Welfare fund	398	245	459	320

*Source: Synthesized from the State Budget settlement Report for the period of 2013-2016 for the Vietnamese Women's Museum*

### **3.3 Evaluation of financial autonomy mechanism at the Vietnamese Women's Museum**

After 10 years of implementation of Decree No. 43/2006/ND-CP and guiding documents of related ministries and the Vietnam Women's Union, up to now, the Vietnamese Women's Museum has renovated its operation, meet the need of society to enjoy cultural service. The results achieved are as follows:

### **3.3.1 Results achieved during the process of implementing financial autonomy**

Implementing the financial autonomy mechanism well in the unit help to increase revenue, reduce regular expenditure, which has contributed to increase income of laborers. The main criteria to evaluate this result are including: creating transparency in finance throughout the unit, generating revenue and using the financial resources in a flexible way, giving the proactiveness to the top manager to make decisions timely and effectively.

First of all, to ensure the implementation of the financial autonomy mechanism, the unit has well implemented propaganda and guidance on it. This is clearly demonstrated through informing to all staffs about annual approved budget estimation and annual settlement; the decentralization of management, monitoring and supervision of financial resources over the years.

Secondly, the financial mobilization mechanism has been renewed one step. For annual state budget sources: Basically, the level of budget allocated to the unit is stable over the years. As a result, after adding to the increasing tasks of the year such as the increase in basic salary, the adjustment of the cost norms, the fluctuation of the market in relation to the goods, services provided and the other irregular tasks, budget are ensured to obtain the good performance of the assigned tasks. For public service revenues: the unit is making efforts to diversify revenues for professional activities and contribute to improving incomes of cadres and civil servants. In addition, the expansion of joint activities in serving visitors, and consulting exhibition is promoted. For aid activities: the unit is constantly innovating comprehensively in all fields of activity. On the one hand, the Vietnamese Women's Museum is constantly improving its position, on the other hand, attracting aid from foreign organizations and non-governmental organizations.

Thirdly, the spending mechanism in the unit has been gradually improved. For operating spending: After being empower financial autonomy, the unit has developed and finalized the internal expenditure regulation, which creates the unity in the implementation process and a basic tool for implementing the expenditure control. The issuance of the internal spending regulation has overcome the difficulty of applying to the specific expenditure tasks at the unit. The unit has done well to save administrative expenses to increase professional expenses. As a result, financial management has contributed significantly to improve the working conditions and income of staff at the unit. All revenues and expenditures are indicated in detail in internal spending regulation.

Some of the results are as follows. Annually, publicizing the estimates and settlements of budget before the entire unit. Carrying out savings for human expenses and administrative expenses through the organization and arrangement of labor suitably. Implementing the allocation of some expenses to the departments, such as working expenses, phone calls, news bulletin, and effectively control the use of electricity and water. For the cleaning, caring and preservation of flower gardens and ornamental trees, the unit has signed the contract with the external service providers to improve the quality of services and reduce the number of labors. Investing in strengthening facilities for professional activities, improving the types of services provided to visitors. Focusing on exploiting external resources: such as aid and coordination to improve the capacity of staffs.

Fourthly, the fiscal decentralization mechanism is more reasonable than the system before. Strengthening the autonomy and activeness of the unit by transferring the autonomy and financial responsibility to head of unit has created positive changes in the implementation of political and professional tasks. This change is evident in the administration of funding sources, the initiative in adjusting the internal spending regulation closely to the real situation, overcoming some shortcomings in some spending norms. During the implementation of the irregular expenditure tasks, the unit has actively carried out decentralized tasks. For non-decentralized tasks, the unit shall take initiative in coordinating with the superior agencies to deploy tasks on scheduled budget. Generally, the empowerment of financial autonomy and self-responsibility has helped the unit make rational, timely and time-saving decisions.

Fifthly, the financial monitoring and settlement mechanisms in the unit have been strengthened. The annual cost estimates have ensured the inheritance and fulfillment of revenue and expenditure tasks in the unit. The process of estimating and allocating budget has been elaborated scientifically from the stage of planning, explanation, synthesization. Quarterly, annually, the unit has made the reconciliation of funds disbursement timely and in accordance with regulations. Annually, the superior agency has carried out the periodical inspection of the implementation of disbursement and budget settlement of the unit. The unit has supplemented the regulation on internal expenditure, which has ensured the procedures and get ideas widely from employees.

### **3.3.2 Limitations in the implementation of financial autonomy mechanism**

In addition to the achieved results, the implementation of financial management in the unit also revealed the following restrictions:

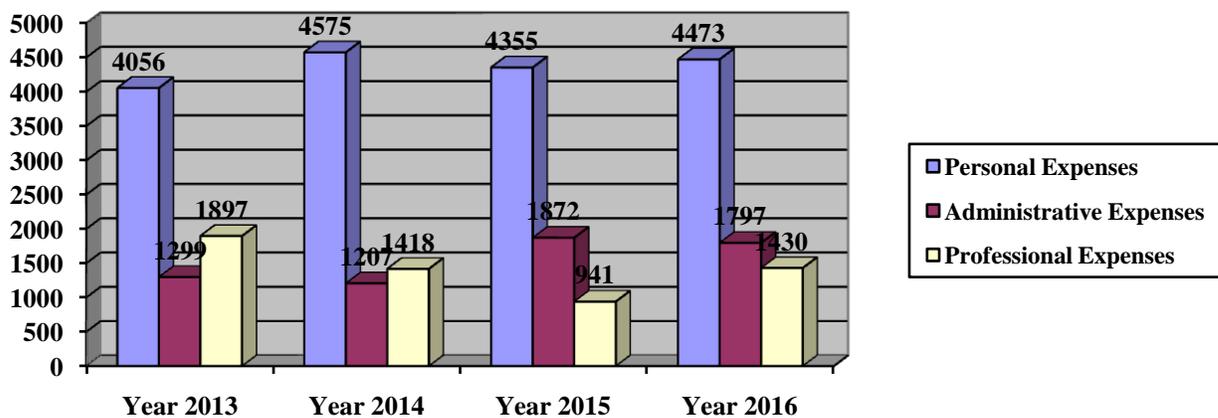
First of all, the mechanism of creating financial resources in unit is not completely reasonable. For state budget source, the State budget estimates according to the areas that expenditures are not firmly founded, not formal; untimely. Annual budget estimates are based on input costs, containing subjective opinions of the budgeting unit. Budget beneficiaries tend to make low budget revenue estimates and high cost estimates to be proactive in implementing budget estimates after they are approved. Building plan and state budget estimation have not yet ensured overall consistency, there is a separation between the plan of activities and the budget plan. For non-state budget revenues: budget estimation and revenue estimates of the unit are incomplete. The annual revenue estimates is lower than the previous year's estimate, some of which are not exactly computed, not been fully aggregated.

The revenues of the unit are very limited, mainly from the sale of visiting tickets, from services to serve visitors. While the state budget is limited, it greatly affected the implementation of Decree No. 43/2006/ND-CP. The unit does not have regulation to encourage the exploitation of revenue sources, especially revenue from services, and joint ventures.

Secondly, the mechanism of financial spending in the unit has not completely followed to the reality. The cost structure focused on personal payment, professional expenses should be higher because if spending too much on human resources, the funding for professional activities will be less, resulting in less diversified and attractive activities (according to the audit report 2016 of State Audit) (showing in the column chart below).

**Figure 3:** Structure of expenses in the period 2013-2016 at the Vietnamese Women’s Museum

Unit: million VND



*Source: Synthesized from the State Budget settlement Report for the period of 2013-2016 for the Vietnamese Women's Museum*

The director of the Vietnamese Women’s Museum supposes that changes in the regime and spending norms in legal documents of the State are quite a lot demanding while the funding source has not been increased in time, affecting the source of funds of the unit, and placing 40% of the fee as a source for salary reform affects the structure of self-funding sources of units. (the interview of the director on 9<sup>th</sup> March 2017). “The expenditure control of the State Treasury is not unified in each area, affecting the progress of disbursement and the accounting work” according to the interview of the chief accountant.

Thirdly, the increased income payment and the creation of funds have some shortcomings. In the past few years, the Vietnamese Women’s Museum has developed and issued a system of basic criterion for assessing the level of accomplishment of staffs’ duties, but not really in a consistent

way. It can be seen that the ways of paying additional income to labors are mainly based on salary coefficients, positions, without based on their level of contribution and labor productivity. This statement based on the data of an example of employees' additional income in one month as below.

**Table 3:** Employees' increased income payment table in December 2016

No	Title	Emulation results	Average of increased income coefficient 0.3				Salary coefficient	Position allowance coefficient	Total of coefficient	Number of working days (day)	Total wage (VND)
			A+ = 0,45	A = 0,3	B = 0,225	C = 0,15					
(1)	(2)	(3)	(4)				(5)	(6)	(7)=(5)+(6)	(8)	(9)=(7)x(4) x 1.210.000 VND/ 17 x (8)
1	Higher rank official A	A		0,42			6,92	1,05	7,97	17,0	4.050.354
2	Higher rank official B	A		0,3675			6,44	0,6	7,04	16,0	2.946.364
3	Deputy General Administration	A		0,345			5,08	0,4	5,48	17,0	2.287.626
4	Deputy General Administration	A		0,345			5,42	0,4	5,82	16,0	2.286.644
5	Chief accountant	A		0,3675			3,33		3,33	17,0	1.480.768
6	Accountant	A+	0,5				2,67		2,67	17,0	1.453.815
7	Accountant	A		0,3			2,34		2,34	17,0	849.420
8	Housekeeper	A		0,3			2,44		2,44	17,0	885.720
9	Driver	B			0,23		3,13		3,13	16,0	802.016
10	Curator	A		0,3			3,46		3,46	17,0	1.255.980
11	Security guard	A		0,3			3,48	0,696	4,176	17,0	1.515.888
12	Security guard	A		0,3			1,68		1,68	17,0	609.840

13	Security guard	C			0,15	2,58		2,58	17,0	468.270
	<b>Total</b>					<b>48,97</b>	<b>3,15</b>	<b>52,12</b>		<b>20.892.705</b>

Fourthly, decentralization of financial management is not clear. In the management of infrastructure investment, asset procurement, and repair, the level of decentralization for the unit is lower than VND 500 million which makes this unit face many difficulties.

Fifthly, the mechanism of financial supervision and settlement in unit is not tight. On the side of the Vietnamese Women's Museum: the internal expenditure regulation has not yet specified in detail the work of self inspection and supervision of the implementation of regulations to ensure openness, democracy and transparency. The assessment of the superior unit with the junior unit is not frequent. Monitoring the budget settlement is usually only once a year, so there is no correction and timely adjustment for backlog issues. Budget administration, especially at the end of the financial year, is often delayed, affecting the progress of disbursement. Professional training is organized annually but this training is not really focused, not intensive yet.

These fourth and fifth conclusions are based on an interview with the director of the Vietnamese Women's Museum.

### **3.3.3 Causes of limitation in implementation of financial autonomy mechanism**

#### ***3.3.3.1 Causes by the policy of the State***

The system of state management documents is inconsistent and incomprehensible from the making up to the execution of budget plan (the phase report of the director for 2013-2016 period). In the budgeting process, the process of estimating the budget of Vietnam is often extended (from 6 to 7 months) and is carried out every year starting from the organization, going through many stages. The estimation process is relatively complex, time-consuming, affects the quality of the overall budget estimate in general and the budget estimates of each unit in particular. Basis for estimation is not developed enough, documents and instructions on the

process of budget estimation is limited. The lack of uniformity and consistency of financial institutions, treasury offices and other financial autonomy units in budget allocation and spending control has made it difficult for the financial management of the superior unit like Vietnam Women's Union, or State Treasury.

### ***3.3.3.2 Causes by the managerial level – Vietnam Women's Union***

The coordination between functional units in Vietnam Women's Union is not very tight, especially in building the work plan. The current planning of Vietnam Women's Union is not comprehensive, affecting the development and interpretation of data with ministries and sectors.

The Vietnam Women's Union has not regularly carried out the work of timely guiding about regimes and policies on management of finance, property and construction investment issued by the State. Vietnam Women's Union has not really paid much attention to the monitoring and supervision of financial activities of the junior units in the budget year, which is leading to the slowness of the disbursement progress. The problems in the settlement process have not been handled in time. Although the Vietnam Women's Union has paid due attention to training the financial staffs in the mechanism, policy and profession, due to limited time and budget, that only solve problems, there are no intensive training courses in each field related to the management of finance, property and construction investment of the Vietnam Women's Union.

(the interview of the head of administration department on 15<sup>th</sup> March 2017)

### ***3.3.3.3 Causes by the unit – Vietnamese Women's Museum***

The unit is not yet proactive in budget management, but also passive, embarrassing in deployment, especially for the irregular funds. The coordination between the specialized departments of the unit in the implementation of tasks in general and finance in particular is not enough consistent and strict, especially in the work of annual budget estimates.

Planning work has not really been focused and implemented scientifically leading to the lack of funds, many adjustments of expenditure items and plans in the implementation process at the end of the year, especially in the implementation of asset investment, procurement, and repair. Besides, the unit is not active in the self-monitoring, inspection of activities in order to remedy

mistakes in the implementation of tasks in time. (the interview of the chief accountant on 24<sup>th</sup> March 2017)

## **CHAPTER 4: SOLUTIONS TO IMPROVE FINANCIAL AUTONOMY MECHANISM AT THE VIETNAMESE WOMEN'S MUSEUM**

From the findings of my study and statistics about the performance of financial management at Vietnamese Women's Museum, it is highly recommended for this unit to apply some following ideas to enhance their financial autonomy scheme:

- Design and promote uniform standards, technical rules in the entire Vietnam women union system.
- Complete financial mobilization mechanism.
- Complete the financial spending mechanism
- Complete the fiscal decentralization mechanism to create the initiative for the head of the unit
- Complete the financial monitoring and control mechanism
- Capacity building, ethics training for financial managers

And my recommendation is that Vietnamese ministries, branches and state management agencies need to take measures to remove difficulties and create favorable conditions for public service units to innovate management mechanism.

The desire of the Vietnamese Women's Museum leaders is to reform the financial management mechanism so as to create the maximum level of initiative in all activities, to lead staffs effectively and to increase more revenues for the unit. This renovation will help Vietnamese Women's Museum reach the level of self-financing expenditure, less dependence on the sources of State budget allocations.

### **4.1 Measures to strengthen the financial autonomy at the Vietnamese Women's Museum**

#### **4.1.1 Develop and promulgate uniform standards, technical norms in the entire Vietnam Women's Union system.**

On the basis of the current documents of the State and my interviews, Vietnam Women's Union needs to concretize mechanism, policy, guiding documents about convenient implementation procedure, simultaneously with specific characteristics, object and ability of funds of the units, but not contrary to the regulations of the State, which is as basis for implementing at units. In order to achieve high results in the implementation of Decree No. 43/2006 / ND-CP, the Vietnam Women's Union should assign relevant functional departments to develop evaluation criteria on the level of completion of tasks, which is the ground to be ranked in the performance of the task. Basing on general criteria and specific situation, units shall concretize the criteria of their own units as the base to evaluate the results and level of completion and avoiding to average staffs' income affecting the psychology of workers. At present, the income distribution is based on salary coefficient or labor efficiency. However, the level of assessment is not close to the reality (as demonstrated at p. 39-40 in chapter 3), which it does not motivate workers to do well and be responsible for the work assigned.

#### **4.1.2 Complete financial mobilization mechanism**

Based on the general development orientation of the Vietnamese Women's Museum in the coming years, financial resources are one of the important factors to sustain and develop public services. In order to renovate and improve the quality of services for visitors, infrastructure construction, modernization of facilities, investment in new equipment and modern synchronous technologies, the Vietnamese Women's Museum needs more attention to the financing strategy, which are diversification of financial resources, towards efficiency and equity in the allocation and use of these resources. This is explained in the following sections.

##### ***4.1.2.1 For revenue from the state budget***

Every year, the State allocates funds to the Vietnamese Women's Museum through regular and irregular tasks. This is the main source of revenue in the total revenue of the unit. In order to ensure that the estimation of the annual state budget is correct and adequate, the quality of the estimation should be improved from the stage of the work plan, the improvement of the information system, specific data needed for the explanation of the basis for estimation.

Regarding the preparation of the budget plan, based on the annual guidelines of the Vietnam Women's Union, budgeting of the unit based on the functions, tasks and system of indicators, the current regimes and norms of the State, the approved report of the preceding year budget accomplishment, the unit will build revenue and expenditure estimates for the next year.

#### ***4.1.2.2 For revenues from non-state budget***

Revenues from non-state budget are additional sources for the state budget. This can be mobilized from the entrance fee, from the use of facilities, cooperation to provide services for visitors. Besides, making use of aid through bilateral and multilateral cooperation is another way to create fund; which is the support of foreign individuals and organizations through investment methods such as investment in facilities for renovation to improve the quality of service; investment in scientific research. The unit needs to formulate appropriate incentives for collectives and individuals who contribute effectively to the increase of revenue for the unit. In order to implement the above solutions, the unit should institutionalize regulations on the management and use of revenues.

#### **4.1.3 Complete the financial spending mechanism**

The units should complete the regulations on norms of expenditures in the internal spending regulations on the basis of its assigned functions and tasks, the regulations of the State and characteristics of the unit. This regulation ensures thrift practice and wastefulness prevention and raising of incomes for laborers, in which focusing on the following contents:

##### *\* For regular expenditures*

Regarding the formulation of job evaluation criteria, the unit shall review personnel rearrangement based on the capacity and professional qualifications of cadres, civil servants and employees.

To review and replace backward regimes and norms, and update the spending regimes and norms in the internal spending regulations suitable to the actual situation arising in the unit. Focus on some basic contents as follows: To study the policies on professional activities and spending on

labors on the basis of applying the State's current norms and creating an equal income balance to general income of the society, on the basis of the balance in the composition of the expenditure group and the source of funds allocated. To enhance the managerial responsibility of the unit head so as to ensure that the State's capital sources allocated to the units are used for proper purposes, efficiently and well according to the assigned functions and tasks. To build and improve the internal spending regulations as a basis for payment and management of expenditures within the unit. This is the basis for the upper management agencies, finance agencies, state treasuries, inspection and control agencies to control expenditure. The unit should regulate the strict management of increased income payment, appropriations and use of funds, as well as capital and assets. In the process of paying increased incomes and setting up funds, the unit needs to balance the re-investment in the development of public service activities through the public service activity development fund and clearly define the subjects, norms for employees to ensure fairness and reasonableness in order to encourage laborers to contribute to the development of the unit.

Annually, the unit reviews and evaluates the implementation of financial autonomy and works out plans on implementation of the regime of autonomy and self-responsibility according to State regulations in each period with the senior agencies who has development orientation for the unit. The unit has to well report on public service activities to the managing agencies periodically.

*\* For irregular expenditures*

The management of irregular spending tasks must comply with current regulations and guiding documents promulgated by the Vietnam Women's Union. Annually, the units can only carry out the assigned tasks according to the plan assigned by the Vietnam Women's Union. For specific cases, the unit should have to report to the Vietnam Women's Union for approval of guidelines, regimes and norms of expenditures before implementation. At the end of the year, for irregular spending tasks but not spent yet, the unit have to compare budget with the Treasury and complete the report to the Vietnam Women's Union for sum-up and reporting to the Finance Ministry. In order to ensure the performance of assigned tasks, the unit needs to speed up implementation and settlement in the budget year, avoiding balance of funds left over to next

year. The unit have to pay attention to the long-term planning work, so as to take initiative in funding sources for the implementation of political plans and tasks.

#### **4.1.4 Complete the fiscal decentralization mechanism to create the initiative for the head of the unit**

In order to ensure the effective implementation of financial autonomy, it is important to clearly define the responsibilities and powers of each level of budget management for the affiliated unit. For Vietnamese Women's Union: It is necessary to increase the autonomy of the unit in deciding on regular expenditures and attach responsibility to the head of the unit. There should be specific regulations on decentralization of autonomy, self-responsibility for tasks, organizational structure, staffing and finance as the implementing basis for the unit. For Vietnam Women's Union: it is necessary to assess the situation of the deployment of political and professional tasks of each unit so as to draw up clearer regulations on decentralization of financial management, especially for irregular tasks. It is to ensure the quality, efficiency, implementation schedule and disbursement of funds. At the same time, the Vietnam Women's Union should have the documents to guide the unit in the process of implementing the annual budget in time.

The fiscal decentralization of the Vietnam Women's Union needs to be consistent with the capacity of the staffs of each unit and associated with enhanced inspection and supervision of the higher authorities, gradually expanding the decentralization when there are enough qualified staffs. Therefore, the self-control and self-responsibility of the unit are fully and thoroughly promoted in the deployment of tasks, and create a fair, democratic, working environment, encourage labors as well.

#### **4.1.5 Complete the financial monitoring and control mechanism**

It is necessary to enhance self-inspection and supervision of the unit. To set commendation and rewarding regime for individuals that record achievements in saving and disciplines for who using assets of the unit wastefully. To implement the grassroots democracy and financial publicity regulations according to current regulations in order to create an equal and democratic

working environment and encourage the contribution of cadres and civil servants. To supervise the implementation of regimes and policies for labors, such as remuneration for professional performance, working trip allowances, regime of working abroad and regime of sending cadres to study. To supervise the use of public assets and services such as water and electricity, computers, printers, etc., the calculation of asset depreciation, liquidation and transfer of assets. To supervise the payment of increased incomes and the appropriation of funds from the revenue quarterly and annually.

In addition, regular and periodic monitoring is also required for investment projects, scientific topic, national target programs, etc. Supervision of regular or irregular tasks must be taken seriously and scientifically in order to detect and timely resolve errors, problems remaining in the unit, which help to not affect the operation of the unit in the deployment of assigned political tasks.

Besides, it is necessary to carry out the financial statement, budget statement and the detailed use of funds in accordance with regulations. To well perform the work of settlement adjustment to accurately reflect the actual revenues and expenditures in the unit. The accounting of the unit must accurately reflect revenues and expenditures actually arising in the period of settlement adjustment, thus contributing to raising the accuracy of revenue and expenditure figures reflected in the financial reports final settlement reports of the unit.

The financial management of the unit should be equipped with modern systems of information storage and processing machinery and automatic calculation, in particular: Equipping computer equipment and connecting the internal network to exchange information and data for searching and accessing information; Enhance the updating and application of modern accounting software for financial accounting.

#### **4.1.6 Capacity building, ethics training for financial managers**

In order to improve the financial management capacity, the unit should enhance the training, foster capacity and professionalism of the financial staffs and material facilities managers. These

are continuing to strengthen the team in charge of financial management; arranging the assignment of cadres in line with the ability of each person in the right place to perform tasks; promoting the strength of each staff in the division of work in order to achieve high efficiency; regularly checking and evaluating the quality of each staff's work on the basis of job evaluation criteria so that there are plans to build and strengthen ability of staffs, which meets the requirements in many different positions.

The Vietnam Women's Union should organize training courses for financial and accounting management staff of the units about new policies and guidelines of the Party and the State in the fields of financial management and accounting. At the same time, the unit encourages cadres to self-study, improve their professional qualifications through policies of creating conditions in terms of time, funding.

## **4.2 Some recommendations for improving the financial management of the Vietnamese Women's Museum**

After 11-year operation under the financial autonomy mechanism, the Vietnamese Women's Museum achieved some results such as upgraded facilities, cultural activities expanded in scale, improved quality. It is due to the wise leadership of the Vietnam Women's Union and the efforts of the staffs of the Vietnamese Women's Museum. Apart from the achievements, there are still difficulties in the implementation of the financial autonomy mechanism, the renovation and finalization of the financial management mechanism is required for the state management agencies. Therefore, the Vietnamese Women's Museum should take advantage of the coordination of ministries, branches and state management agencies so as to take measures to remove difficulties and create favorable conditions for public service units to innovate management mechanism.

It can be suggested some recommendations that:

The State needs to regularly adjust and supplement spending regimes and norms to suit the practical conditions and ensure the fulfillment of tasks and suit the changes of the socio-

economic situation. The State should take financial priority measures for large-scale development investment projects to shorten the time and synchronize the process of use.

On the side of the Vietnam Women's Union, it is necessary to review the old backward system of documents, build and finalize the system of documents to guide uniformly the implementation of the management mechanism of finance, property and construction investment in the units. There should be specific guidance on orientations to develop financial autonomy plan for the new period in accordance with regulations and characteristics of museum and union.

There should be more decentralization in management of finance, asset, construction investment in combination with regular and periodic inspection. In these ways:

+ *Regarding financial management*: empowering units to decide on increasing or reducing visiting fees, on setting regimes, criteria and norms in the direction of which categories necessarily enforced uniformly in the whole country to ensure equal treatment shall be issued by the Central Government (the Government, the Ministry of Finance); which applied locally, the central issue framework; which types only based on individual characteristics shall be assigned to unit heads for promulgation.

+ *Regarding asset management*: the head of unit may decide to purchase, repair, sell or liquidate assets valued at less than VND 1 billion (before it is less than VND 500 million).

The procurement of assets from the operation development fund, from mobilized capital sources to serve for business activities has been elaborated a plan of procure assets, then the unit leader shall decide on the list of assets to be procured and take responsibility for the decision on asset procurement and report it to the managing agency (Vietnamese Women's Union).

The head of the public service unit is given the permission to decide on the use of assets already invested and procured from business development funds and mobilized capital sources in order to contribute capital to joint ventures with organizations and individuals according to plans, joint-venture projects.

+ *Regarding construction investment*: to speed up progress, creating activeness for localities, units, limiting and ending the situation of asking for allocation, provincial leaders will be given more power, not have to ask each project budget of 5 billion or less and be autonomous within

the scope of their responsibilities. They consider and decide the investment policy for the projects, ensure that the investment preparation of these projects shall comply with the regulations. Units shall carry out investment procedures so that ensuring the time for approval of investment decisions of projects.

## **CONCLUSION**

Decree No. 43/2006/ND-CP issued on 25/4/2006 by the Government promulgated a new management mechanism for public service units in general and the Vietnamese Women Museum in particular. Implementing the financial autonomy mechanism, the unit has partly improved the autonomy in running its operations, including financial management, asset management, construction investment, contributing to increase revenues, save expenses, improve income for staffs in the unit. Besides, the empowerment of financial autonomy to the public service units helps the Vietnamese Women Museum helps to facilitate the development and increase quality of service to the community.

Based on the application of research methods on the state of the financial autonomy mechanism at the Vietnam Women Museum for the period 2013-2016, the thesis has completed the following tasks. Firstly, defining the basic concepts of fiscal decentralization, and output and performance based budgeting in public service units, financial autonomy of public service units in Viet Nam. Secondly, access the implementing of financial autonomy mechanism at Vietnamese Women's Museum. Thirdly, give some measures and recommendations to the financial management of Vietnamese Women's Museum.

Within the research scope of the subject and the author's ability, the thesis has inevitably certain shortcomings. The author chose this issue with the desire to contribute to the improvement of the financial autonomy mechanism at the Vietnamese Women's Museum – a public service unit in the field of culture, get suggestions from teachers, researchers, financial managers to develop financial management in the Vietnamese Women's Museum. I hope next authors will solve the problem of performance-based budgeting, the way to apply this method effectively for public service units.

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# APPENDICES

## APPENDIX 1: INTERVIEW QUESTIONNAIRE

### *I. Interview introduction*

Hello, I am a master student in University of Tampere. As a part of my thesis of financial management mechanism for the Vietnamese Women's Museum – a public service unit, I am undertaking a study of financial management, autonomy, performance management and about the needs to develop autonomy and management at Vietnamese Women's Museum.

Thank you for agreeing to participate in this research and taking time to interview. Shortly, I will ask you a series of questions about the financial autonomy capacity of the unit for the period of 2013-2016, but first I would like to fill in the table about yourself.

Date: \_\_\_\_\_

Start time of interview: \_\_\_\_\_

Finish time of interview: \_\_\_\_\_

Interviewee details:

Name: \_\_\_\_\_

Contact Details: \_\_\_\_\_

Sex: \_\_\_\_\_ Male \_\_\_\_\_ Female

Position: \_\_\_\_\_

Number of year in this position: \_\_\_\_\_

### *II. Interview questionnaire*

Evaluation and desire to reform the mechanism

1. How do you assess the implementation of the financial management mechanism of public service unit in general, and of Vietnamese Women's Museum in particular.

-What are the advantages of the mechanism?

- What are the limitations, obstacles, inadequacies of the mechanism need to improve?

- How difficult does your organization face with self-financing regular cost rate which was allocated by the Vietnamese Women Union?

2. What is your wish to inform the mechanism? Suggest solutions to renovate the financial management mechanism in the Vietnamese Women's Museum?
3. Whether this financial mechanism has promoted the autonomy and dynamism of the Vietnamese Women's museum, or not?
4. As your opinion, how to increase of financial efficiency?