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# ASSIGNMENT: Vietnam

by Keagle W. Davis and Thomas S. Lacy

In April, eighteen Touche, Ross men left for Saigon, South Vietnam, on what is probably one of the most unusual engagements ever undertaken by a public accounting firm; it may also be one of the largest single engagements our firm has ever handled.

Our client in Saigon is RMK-BRJ, a joint venture which is constructing a massive network of military installations in South Vietnam at a cost which may exceed one billion dollars. Touche, Ross was engaged as a subcontractor to provide a staff of trained accountants and auditors to assist the venture in certain accounting areas.

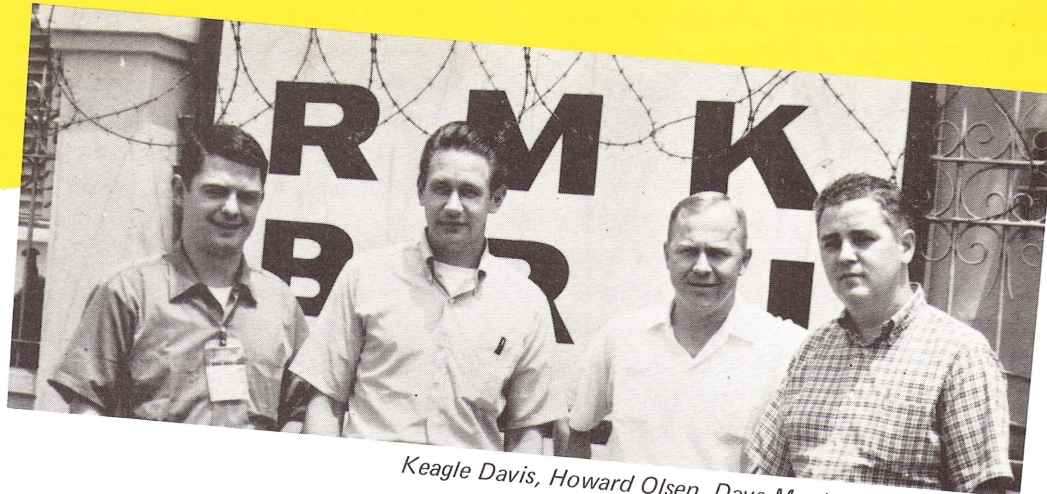
The RMK-BRJ consortium is composed of four U.S. construction companies: Raymond International, Inc. of Delaware; Morrison-Knudsen International Company, Inc. (the sponsoring partner) of Boise, Idaho; Brown & Root, Inc. of Houston, Texas; and J. A. Jones Construction Company of Charlotte, North Carolina. RMK-BRJ is the outgrowth of the Raymond-Morrison-Knudsen International joint venture which initially started work in Vietnam in 1962 on this cost-plus-fixed-fee job under

Navy contract NBy-44105 as part of the Military Assistance Program to the Republic of Vietnam Armed Forces. When the war was escalated in 1965, the scope of the contract increased accordingly, and Brown & Root and J. A. Jones were added to the joint venture to provide additional management capabilities.

## *The Largest Construction Pact in History*

The contract, which started out as a \$16,500,000 four-airfield project, has grown into the largest construction pact in history. RMK-BRJ has undertaken approximately 1,500 separate projects in South Vietnam at over 40 construction sites ranging from Quang Tri, Hue, and Da Nang in the north to Bac Lieu and Vinh Chau in the south. Work also has been done on An Thoi and Con Son Islands off the South Vietnamese coast in the South China Sea.

With a peak labor force of over 40,000 Vietnamese, 4,200 Americans, and 5,500 Filipinos, Koreans, and other nationalities, RMK-BRJ has put in place as much as \$70,000,000 of construction work in a single month



*Keagle Davis, Howard Olsen, Dave Moxley and Tom Lacy*

in the process of building everything from major heavy jet bomber air bases and large seaports to hospitals and a new Embassy building in Saigon.

The logistics of such a vast construction program nearly overwhelm the imagination, requiring such things as: assembling a fleet of fifteen major dredges, the largest such fleet ever assembled for one contract; maintaining a fleet of sixteen aircraft; being equipped to handle over 160,000 tons of sea traffic in a peak

*The authors, Keagle W. Davis and Thomas S. Lacy, have been on assignment in South Vietnam since April. Mr. Davis is a supervisor in the San Francisco office. He joined Touche, Ross after his graduation from the University of California in Berkeley, where he received a Bachelor of Science degree in 1961. He is a member of the American Institute of CPAs and the California Society of CPAs.*

*Thomas S. Lacy joined Touche, Ross in December of last year and is a supervisor in the San Francisco office. He received his AB from Fordham College and his MBA from the New York University Graduate School of Business Administration in 1961. Formerly with Lybrand, Ross Brothers & Montgomery, he is a recipient of the Haskins Award. He is a member of the American Institute of CPAs.*

month; and obtaining and operating in excess of \$150,000,000 of heavy construction equipment.

Accounting for such a huge project in a war atmosphere takes on complexities seldom seen in the State-side business community. The business operations are directed by a relatively small number of American and Canadian personnel. The accounting department personnel, in addition to the American and Canadian personnel, include Vietnamese, Chinese, Filipinos and other nationalities. Most of the clerical jobs are staffed by Vietnamese (who generally "brighten" the offices with their dress in very colorful and lovely ao-dais).

Accounting transactions often take place in three currencies (dollars; piastres, the currency of Vietnam; and Military Pay Certificates), and in a variety of languages, creating additional difficulties in an already complex operation.

The near complete lack of road, rail, and telephone facilities over hundreds of miles of potentially enemy-held territory makes communication and movement of personnel and accounting documents a slow and tedious task.

## *Our Job*

The TRB&S staff has been assigned to work at the direction of Donald Gaetz, controller of RMK-BRJ, in coordination with Truman Joiner, controller of Morrison-Knudsen. In anticipation of contract completion in early 1968 and significant reductions in labor force in the balance of 1967, we have been assisting in such special accounting projects as:

1. Identifying the nearly \$90,000,000 of construction plant, equipment, and materials in transit from the multitude of U.S. and other nations' vendors and shipping point to the many South Vietnamese receiving areas and points of usage, and documenting such items in accordance with the complex Navy contract and ASPR (Armed Services Procurement Regulations) provisions.

2. Researching and assisting in the widely varied aspects on a foreign construction project of "expatriate" payrolls, currency allotments and jobsite pay in cash in several currencies, employee accounts receivable and employee return-to-point-of-hire travel funds.

3. Reviewing, analyzing, and flow-charting departmental and procedural functions with the goal of providing recommendations for improvements in accounting, recording, and filing techniques, systems, and internal controls.

Work in these areas involves dealing with manual and computerized accounting records and functions. It also encompasses dealing with the contractor's accrual basis system within the framework of the cash basis, budgetary fund accounting system of the U.S. Navy contract. Contact with all levels of RMK-BRJ personnel of various nationalities as well as U.S. Navy OICC (Officer in Charge of Construction) personnel responsible for administering the contract is also involved.

Our work to date has proved to be extremely interesting and varied, to say the least.

### *Saigon, the Human Side*

Before we left the States, all of us were required to pass a physical examination and to be inoculated for what seemed to be every disease known to man. Included among the shots we took were inoculations for cholera, tetanus, typhoid, typhus, yellow fever, and plague. After getting all these shots, it was painful even to make a tic mark, let alone fill out the myriad of passport applications and other sundry forms required for the trip.

Most of us flew on a Pan Am MAC (Military Air Command) charter flight from Travis Air Force Base outside San Francisco. The most common itinerary was the mid-Pacific route via Honolulu, Wake Island, Guam, Manila, and then Saigon. A few came the "polar route" via Anchorage and Tokyo, which was a few hours shorter than the mid-Pacific route. The elapsed time from Travis was about 24 hours and when it was over most of us felt like spending the next 24 hours in the shower.

Temporarily, we stayed at downtown Saigon hotels. Finding permanent housing arrangements proved to be difficult and required the full-time efforts of some of us for the better part of a week. Saigon's population has trebled to approximately two million people in the past ten years and housing is scarce and expensive. With the assistance of a Vietnamese driver and an RMK-BRJ car, we found three houses to accommodate the eighteen of us. Two of our "fraternity" houses have seven living in each, with four of us living in the third house. Although the plumbing is medieval and the utilities fail periodically, the houses are comfortable and palatial compared to most of the homes we've seen since. They're certainly a far cry from the shacks and shanties in which a great number of the overcrowded Saigon populace live.

Getting from one place to another in Saigon is done almost exclusively in taxis, which include Renaults, pedicabs, and Hondas. The traffic is incredibly chaotic; there are few traffic lights and the number of lanes of traffic moving in any one direction is a matter of brute force. Crossing the street on foot is one of the most harrowing experiences there is. It requires the grace of a ballet dancer, the cunning of a fox, the quickness of a deer and a sixth sense that tells you when a bicycle is going to get you right in the hindquarter! Many Americans in Saigon own automobiles, Hondas, etc., but we quickly learned that a copy of every driver's license application should be sent to a psychiatrist.

RMK-BRJ has provided us with transportation to and from the office each day. We have a private bus with a prominently displayed sign which says "TRB&S." Consequently, we of the "Saigon Office" feel it is only appropriate that the firm change its name accordingly.

All of us work a nine-hour (7:30 - 5:30) six-day week at RMK-BRJ's airconditioned general office in downtown Saigon and generally eat lunch in one of the local Vietnamese restaurants featuring French and American-style food. (One of the strange adjustments

we made in the office and are now becoming accustomed to is the lack of telephone calls from partners, managers, supervisors, etc., about other audit assignments!)

We have access to the PX and Commissary where we obtain our necessities at very reasonable prices. In addition, military-provided services such as a swimming pool and library are available to us.

The war, although there are no hostilities of any significant magnitude within Saigon, has had its effect on Saigon. Military buildings and certain public buildings are heavily guarded and are frequently ringed with barbed wire against Viet Cong terrorist activities. One can't walk very far without seeing military of every oranch of the Armed Services. The sound of aircraft overhead and the rumble of military convoys in the streets are common noises. There is an 11:00 p.m. curfew for American military and civilian personnel which, while it curtails our social life, at least reduces the exposure to terrorist activities.

At night we can sometimes hear the sounds and see the light flashes from artillery, mortars, and bombs outside Saigon. Sitting on our rooftop sundecks in the evening, we frequently see parachute flares light up the night sky.

One result of the influx of so many American military into Vietnam is an inflation which has driven prices to

unreasonable levels (lunch generally costs \$1.50 to \$2.00 for a small lunch and a can of American beer costs anywhere from 80 cents to \$1.00).

Americans are not permitted to spend dollars anywhere and this has resulted in our using two currencies. Piastres are used for purchases in the local economy (rent, restaurants, taxis, etc.) and Military Pay Certificates (MPC) are used at the PX and Commissary. One of us, after converting a dollar check into piastres, looked at the huge wad of various sized, multicolored bills he had (118 piastres to the dollar) and said, "I feel like I can buy Park Place, Boardwalk, and build a hotel on Marvins Gardens."

Saigon's tropical weather is hot—the humidity is extremely high—and there are extreme dry and rainy seasons. The monsoon season begins in Saigon in June and lasts into September.

Because of the inability of the government to provide services for the burgeoning population and the large war expenditures, Saigon has become dirty and is decaying from neglect. It is still possible, however, to sense how lovely a city it must have been a generation ago.

The older Vietnamese waiters in restaurants speak French, Vietnamese, and some English; most menus are in both French and English. In a restaurant where the menu was only in French, two of our men relied on

## RMK-BRJ PROJECTS



*Stripping forms on foundations*



*Pouring Slabs*



*Downtown Saigon — Armed Services Radio and TV Studio and tower built by our client*



*Street near RMK-BRJ office*



*Street in front of one of our villas*



*Main market in Saigon*



*At Work*

their high school classes and ordered "Rognon de porc." This turned out to be pork kidneys and they still taste it!

The Vietnamese people we've met are friendly and seem to be remarkably tolerant of the presence of so many Americans. The women are lovely and several of us are doing our best to promote American-Vietnamese interpersonal relationships.

In an effort to make the most of our six-month stay in Saigon, the eighteen of us on the RMK-BRJ project have broken up into some dozen committees. These include committees for entertainment, cultural activities, publicity, photography, investments, etc. We meet once a week at one of the three houses and each committee reports on its activities of the prior week. If nothing else gets done at these meetings, we do manage to devastate at least three cases of beer.

Each day in Vietnam brings interesting and challenging experiences in both the business and personal aspects of our stay here. The opportunity to work in a location such as this on a project so new, massive, and different as is RMK-BRJ is extremely challenging.

When our work is completed in South Vietnam, many of us plan to vacation on the way home, seeing many parts of the world and especially Southeast Asia, an opportunity we may never have again. Our assignment in South Vietnam is sometimes trying because of the war, the long hours, the heat, and the confinement, but it is more often rewarding because of the opportunity to see Southeast Asia, to know its people and customs, and to be exposed to the accounting operations of one of the largest and most unusual business operations ever undertaken. It is unquestionable that those of us participating in these engagements will long remember our "Assignment-Vietnam."



*TRB&S Bus*



*TRB&S Staff in Saigon*



*Tony MacDonald and Tom Lacy returning from work*

Milton Gilmore, partner in charge of the San Francisco office, and David Moxley, coordinating partner for this engagement, signed our U.S. Navy-approved sub-contract in mid-March. Then speed was of the essence. Eighteen men were needed in Saigon on April first, little more than two weeks from the date of the signing of the contract.

The men who volunteered for this assignment, which is expected to last approximately six months, represent nine Touche, Ross offices:

- James Annand, Philadelphia
- Robert Brodie, St. Louis
- Keagle Davis, San Francisco
- John Devine, New York
- Robert Erwetowski, Philadelphia
- Larry Fincannon, San Francisco
- Lewis Gack, Boston
- James Holmes, Kansas City
- Richard Kilbride, Seattle
- Thomas Kline, Philadelphia
- Thomas Lacy, San Francisco
- J. Anthony MacDonald, San Francisco
- Lawrence May, New York
- Howard Olsen, San Francisco
- Dan Morawitz, St. Louis
- Jerry Murry, Los Angeles
- James Shumard, Kansas City
- Allan Striker, Denver



In addition to our work for RMK-BRJ, Touche Ross was engaged to audit the costs of a French firm under a construction contract with the Saigon Metropolitan Water Office, an agency of the Ministry of Public Works and Communications of the Republic of Vietnam. This engagement, obtained through the International Coordinating Office, was also under the direction of Mr. Moxley.

Because of the involvement of the French company in the contract and the maintenance of the records in French, the engagement required a staff bilingual in French and English. Peter Hyde, Don Ethier, and Maurice Cyr of the Montreal office are the men who volunteered for this second assignment in Vietnam.