An examination of administrative management problems facing the royal Thai army audit office

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AN EXAMINATION OF ADMINISTRATIVE MANAGEMENT
PROBLEMS FACING THE ROYAL THAI
ARMY AUDIT OFFICE

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ABSTRACT

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An Examination of Administrative Management Problems Facing the Royal Thai Army Audit Office

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The main purpose of this paper is to examine the problems facing the Audit Office of the Royal Thai Army. This study is significant because it attempted to examine selected major problems that plague the army as a whole and the Audit Office in particular. The problems, namely, (a) lack of adequate staffing, (b) inefficient inter-unit communication, and (c) poor record keeping systems go into the very heart of the smooth operations of any organization.

The major findings are that the lack of a large pool of qualified university graduates and poor salaries have prevented the army as a whole, and the Audit Office in particular from attracting such personnel into its ranks. In addition, the communication delays caused by seeking approval for clearances as well as the dependence on obsolete technology have impacted negatively on the audit process.
The main sources of information for this study were obtained from participant observation and reliance on a variety of secondary data that included books, journals, and documents from the Royal Thai Army.
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I. INTRODUCTION

Before World War II (WWII), there was very little attention given to utilizing internal audit. And not until 1940 has the discipline of internal audit come into wide usage.

Possibly, the earliest textbook on the subject of internal audit was one written by Victor Z. Brink. In this publication, the author defines internal audit as:

... a systematic examination of the books and records of a business or other organization, by the employees of that business organization, in order to ascertain or verify, and to report upon, the facts regarding its financial position and its financial operation.1

Also, following a report of the Institute of Internal Auditors of America, the statement of objectives of internal audit was expanded as follows:

The overall objective of internal audit is to assist all members of management in the effective discharge of their responsibilities, by furnishing them with objective analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The internal auditor, therefore, should be concerned with any phase of business activity wherein he can be of service to management.2

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According to the Royal Thai Army Audit Office, the term "internal audit" refers to:

The task and pursuit in an attempt to carry on an independent evaluation of quality, efficiency control and the management of all resources in order to accomplish the goals and objectives set by the Royal Thai Army with the responsibilities being held by the Director of the Royal Thai Army Audit Office.3

Auditing in a huge bureaucracy such as the army requires organizational arrangements to be effective. The Royal Thai Army has been exploring ways to have an effective internal auditing system. In 1978, the audit division within the Royal Thai Army Comptroller Office was dissolved. It was replaced by a new office called the Royal Thai Army Audit Office. This new office has been experiencing the following problems:

- lack of adequate manpower
- inefficient inter-unit communication
- difficulties in setting up an efficient records maintenance system.

The purpose of this paper, therefore, is to analyze these problems and make recommendations for improving the audit system in the Royal Thai Army Audit Office.

II. THE PROBLEM AND ITS SETTING

General Background

In Thailand, there are three major branches of the armed forces: the Royal Thai Army, the Royal Thai Navy, and the Royal Thai Air Force. Combined, these make up what is called the Royal Thai Armed Forces. They were established for the purpose of defending the territorial integrity of Thailand.

In the Royal Thai Army, there are 297 units.\(^4\) One of these units is the Royal Thai Army Audit Office (RTAAO). The functions or duties of the Royal Thai Army Audit Office are to perform independent internal audits and evaluate the efficiency of control and management of resources as these relate to the accomplishment of the goals and objectives of the Royal Thai Army.

In other words, the duties and responsibilities of RTAAO can be specified in five ways.\(^5\)


\(^5\)The Royal Thai Army Audit Office Staff, Year-end Report to the Director of the Royal Thai Army Audit Office (Bangkok: The Royal Thai Army Audit Office Press, 1981), p. 4.
1. Auditing the accounts of other units in the army to determine whether the units operate according to the rules and regulations of the army and the national government;

2. Evaluate the efficiency and quality of control in the use of resources such as budgets, money, manpower, assets, etc.;

3. To support other internal controls by providing written information such as the policies, standards, and guidelines as established by the army;

4. Publishing and developing a new handbook about the standards of internal control and internal audit in the army;

5. Prepare reports and make recommendations regarding ways of improving and rectifying the standards of internal control, the use of budgets, monies, assets, etc. that will be useful to the army.

Although the Royal Thai Army Audit Unit is an independent office doing independent work, it still has the other units such as the Royal Thai Army Comptroller Office (RTACO) and the Monetary Department of the army involved in its functions. The Royal Thai Army Comptroller Office serves as the supervisory unit for any managerial and monetary operation, and the Monetary Department of the Army
supplies manpower and provides necessary documents for the Audit Office.  

The Royal Thai Army Audit Unit is divided into seven divisions:

- Division of Urgent Business and Registration
- Division of Services
- Division of Planning and Technique
- Division of Special Audit
- Division of Assets Audit
- Division of General Audit I
- Division of General Audit II.

Each of these seven divisions has its specific functions:

1. **Division of Urgent Business and Registration.**- The duties of this division are similar to that of a personnel office in that it keeps records and files of the staff in the Audit Office; in addition, it sets up the security for the office.

2. **Division of Services.**- This division supports and Audit Office by providing personal loans, official transportation, and welfare services for officers, etc.

3. **Division of Planning and Technique.**- This division provides the policy, planning schedule, and operating

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procedures, evaluate the efficiency of internal audit in the army, and provide suggestions, solutions and recommendations to improve and develop the standard and technique in auditing.

4. **Division of Special Audit.**—The duties of this division are to perform special audit under the supervision of the Royal Thai Army.

5. **Division of Assets Audit.**—This division has the responsibility of auditing the asset accounts of each unit in the army.

6. **Divisions of General Audit I and II.** These two divisions have the same duties: to audit the general accounts and other accounts, under the supervision of the Royal Thai Army.

**Statement of the Problem**

In 1978, the Audit Division of the Royal Thai Army Comptroller Office (RTACO) was dissolved, and the new Royal Thai Army Audit Office was created to assume the responsibilities of the Audit Division. The rationale for this action was that since an "office" not only enjoys more independence than a "division," but also is larger than a division, the Audit Division should then become the Audit Office. The

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Army's top officials felt this change would solve the problem experienced by the Audit Division.

After the creation of the Audit Office, it was found, however, that the problems still persisted. The problems identified were:

- the lack of adequate manpower;
- the inefficiency of inter-unit communication regarding the operation;
- difficulties in setting up an efficient records maintenance system.

These are discussed and analyzed in Section V of this study.
III. REVIEW OF RELEVANT LITERATURE

Early editions of several auditing textbooks indicate the importance of a review of internal audit and internal control to be found in a good accounting system, but they do not give much information as to the means the auditor should use to determine the effectiveness of internal audit and internal control.

The fifth edition of Bell and Jones' Auditing, published in 1972 included examples of questionnaires to be used in reviewing control methods and discussed other means of carrying out this important part of the auditor's examination. They also maintained that:

\begin{quote}
The review of internal audit and internal control is one of the most important of the steps in proper planning of the audit and must not be casually performed. Insofar as the circumstances permit, the auditor should independently, acquire a personal familiarity with the procedures and methods in use. A systematic and clear record should be made of the facts developed by this review. \footnote{William H. Bell and Ralph S. Jones, Auditing, 5th ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1972), p. 168.}
\end{quote}

The seventh edition of Montgomery's Auditing Theory and Practice, published in 1949, included additional information regarding methods to be used by the auditor in carrying out the review or control procedures. He commented on
the desirability of using such internal audit procedure as follows:

The fact must be faced that in a business of any considerable size, it is a physical impossibility for the auditor to verify every entry in the books within a reasonable period of time, nor is it necessary in most cases, even where carelessness and fraud exist.10

In 1953, the Institute of Internal Auditors also indicated that:

One of the methods of internal control which has grown in use and importance in recent years, particularly in the larger companies, is internal auditing. This consists in the use of auditors employed on the staff of the company to perform the detailed verification of vouchers and other records. The work of these internal auditors does not take the place of the independent auditor, but rather is complement to it. The public accountant will investigate the activities of this part of the client's internal control system in much the same manner as he does other parts of the control system. The use of internal auditing procedures enables a company to have a continuous audit of transactions which would be prohibitive in cost if performed by the independent public accountant.11

A study done by Tead in 1964 concerning the modern personnel functions showed that modern personnel management involves a wide range of activities or functions. Typically, the major activities are: (1) the formulation of policy and development of personnel plans; (2) staffing, which includes


securing, selecting, and placing manpower; (3) controlling working conditions in order to develop and effectively utilize the services of personnel on the job; (4) providing various services to employees seeking to encourage self-improvement and increased efficiency; (5) review and appraisal, including the personnel records and personnel research, and (6) labor/industrial relations, specifically management-union relationships.\(^\text{12}\)

Dale Yoder, in his book *Personnel Management and Industrial Relations*, asserts that a major function involves manpower, the determination of manpower requirements and the discovery, recruitment, selection and placement of appropriate personnel. The first task in staffing is job analysis to provide criterion on which to base evaluation of applicants. The discovery of suitable sources of these types of applicants and the development of methods of recruiting follow. Thereafter, it is necessary to introduce a perfect device facilitating their selection and placement. After new employees have been selected, they must be trained to perform their duties effectively.\(^\text{13}\)


He stated that there are two major activities involved in planning for human resource management. These are: (1) planning and forecasting the organization's short- and long-term human resource requirements, (2) analyzing the jobs in the organization and determining the skills and abilities that are needed.\(^\text{14}\) He also stated that in order to staff an organization, a good system of recruitment is needed. Schuler also discussed the recruitment function; he stated that:

Recruitment is generally defined as searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. In addition to filling job needs, the recruitment activity should also be concerned with filling the needs of job candidates .... Thus, recruitment is specifically the set of activities and processes used to legally obtain a sufficient number of the right people at the right place and time so that the people and the organization can select each other in their own best short-run and long-run interest.\(^\text{15}\)

In addition to discussing the recruitment function, Schuler also discussed staffing activities. He said that:

An organization is more successful in recruiting qualified job applicants if it has a career development system. The system itself is important, but it also represents the organization's concern for the individual. An effective system suggests that the organization regards its


\(^{15}\) Ibid., p. 122.
relationship with the individual as mutually beneficial.\(^{16}\)

Alet Peterson mentioned in his book, Business Organization and Management, that in the personnel department of an enterprise, there are three distinct types of overall organization structure which exist as a result of varying kinds of authority relationships established among units and individuals within the enterprise. Some of these are based upon functional authority, some on line authority, and still others combine line and staff relationships in performance of their business activity.\(^{17}\)

Peterson said that:

The functional type of structure, of which Frederick W. Taylor was a strong advocate, is so designed that each manager has authority over all personnel within all departments. This type of set up provides too many bosses for any practical application in a large-scale business. The line type of organization structure, which is sometimes called the scaler organization, is the oldest and simplest type of structure. It permits a clear line of authority from the highest to the lowest level within the structure.\(^{18}\)

Also, Harold Koontz and Cyril O'Donnell, in their book, Management: A Systems and Contingency Analysis of Managerial Functions, assert that within the larger organization, staff assistance may be provided through the creation of special staff positions. These positions may become

\(^{16}\text{Ibid.}, \text{p. 360.}\)


\(^{18}\text{Ibid.}, \text{p. 159.}\)
necessary either within a certain line department or as a separate department. The line and staff type of structure that is created through the addition of staff units has characteristics of both the line and functional structures. The line departments that are directly concerned with the accomplishment of organizations' objectives provide the basic framework of the enterprise. The addition of staff departments permits personnel from these departments to provide the line managers with specialized assistance in these fields that the line managers do not have time to master. As a result of this assistance, supervisors and managers can confine themselves to their primary duties.\(^{19}\)

Harold Koontz and Cyril O'Donnell also stated that:

The size of the personnel department and the organization of its activities usually are contingent upon the number of person ordinarily on the payroll of the company, the scope of the personnel program, and the importance that is attached to certain personnel functions.\(^{20}\)

Apart from inadequate staffing, communication problems within organizations are very common. One of the experts who addressed communication within organizations is Chester I. Barnard, who was President of the Rockefeller Foundation and President of New Jersey Bell Telephone


\(^{20}\)Ibid., p. 138.
Company. In his well-known book, *Functions of the Executive*, Barnard described the role of communication in business and organization. He captured the essence of this function very vividly when he stated that:

Communication is like the impulse that travels along the nervous system of an organization. These impulses carry the signals from one portion of the complex system to another and to a central coordinating agency through which the entire system is kept in balance and functioning.21

Barnard stated that the techniques of communication are an important part of any organization and are pre-eminent problems of many. They shape the form and internal economy of organizations. The need for a definitive system of communication creates the first task of the organization and is the immediate origin of executive organization. The problem of maintaining a communication system is central among executive functions. The other functions cannot be performed efficiently if this one is inadequate.22

Effective communication requires employees with competence. They should have general abilities with reference to the whole organization. The communication should be known to occupy the positions of authority concerned and the communication should be authorized by that office from

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22Ibid., p. 177.
which it comes.\textsuperscript{23}

Selwyn W. Becker and Duncan Newhauser, in their book, \textit{The Effective Organization}, assert that:

... good communication, increases understanding and acceptance of rules, helps to clarify problems, promote common understanding and transmits ideas and suggestions. Effective daily work is positively related to the goal of an organization. An inadequate system of communication impedes the progress of accomplishing the goal.\textsuperscript{24}

Fred T. Allen, in his article on organizational communication, published in the \textit{Nation's Business} magazine, proposed the following as solutions to communication problems: representatives of management and employee meet monthly to discuss organization problems and opportunities. This is done on sectional, divisional and departmental levels with a personnel council serving as top tribunal. Employees voice their complaints and suggestions while management communicates its policies. Council members are elected by the employees. Also, they supply employees with annual reports of the organization.\textsuperscript{25}

There are also various types of communication in organizations and business enterprises. In his book, \textit{Administrative Behavior}, Herbert A. Simon stated that the

\textsuperscript{23}Ibid., p. 179.


\textsuperscript{25}Fred T. Allen, "Ways to Improve Employee Communications," \textit{Nation's Business}, September 1979, pp. 54-56.
types of communication in organizations and business enterprises, may be classified thus: (1) formal versus informal, (2) downward versus upward versus horizontal, (3) internal versus external, (4) one-way versus two-way, and (5) organizational versus interpersonal.  

Simon also stated that formal communications are those that are deliberately and consciously established for the proper functioning of the enterprise. Thus, formal communication is the vehicle for enforcing the relationship between positions. This is why he distinguishes informal type with reference to the "paper flows" from one point to another in an organization from communications that are based on the manual or organization practice and procedure.  

Downward communication is that which flows from a superior to a subordinate as from the board of directors to executive, from a manager to an assistant manager, from foreman to his workers. While communication is upward if it passes from subordinates to their chief, from the rank and file to management, from superintendents to managers.  

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27 Ibid., p. 164.
28 Ibid., p. 165.
Internal communication comprises various kinds of communication—upward, downward, lateral, interpersonal, group, etc.—that takes place within an organization. It may be defined as:

... involving the exchange of information, ideas, plans, policies and procedures among all segments and among all individuals of the organizational structure. The external communication can be stated that all organizations—business or otherwise—have long been conscious of the fact that they constitute parts of the larger society, and as such, they need to develop public relations as they affect the dissemination of information and promotion of good will ...

The distinction between one-way and two-way communication may be easily explained. When person "A" talks to person "B" without return talk from the latter, we have an example of one-way communication. In contrast, when the talk from A to B is accompanied by return talk from B to A, not as a counter argument, but by way of clarification and participation in the making of final shape of the subject matter, this is two-way communication.

Organizational communication may be said to consist of broad matters of information that generally flow down the established channels of the structure of the organization. Interpersonal communication is a daily personal discussion between first line supervisors and employees, and

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29Ibid., p. 167.
30Ibid., p. 169.
among various levels of management, up to and including the board of directors—the principal method of two-way communication. 31

Bradford Boyd, Professor of Commerce at the University of Wisconsin, conducted a study in which he interviewed fifty managers. The managers cited their communication problems and proposed solutions. According to the managers interviewed by Boyd, the following are the principal causes of communication problems within organizations: (1) the lack of understanding of functions and responsibilities within the organization, (2) confusion caused by terminology and semantics, (3) the difference in educational background, and (4) the difference in personalities of the different employees. 32

As possible solutions to the communication problems, the managers suggested the following: (1) improve understanding of functions and responsibilities of each department by educating the employees through training sessions and meetings with superiors, (2) strengthen the empathy of managers by encouraging them to identify with the organization and its goals and objectives, (3) establish activities which will allow the managers to meet

31 Ibid., p. 173.
periodically for information exchange, (4) encourage personnel exchange between departments within the organization in order to familiarize employees with each other's departments, (5) gear the communication for the receiver - try to understand him first, and (6) managers should take the initiative and should be held responsible for effective communication within their organizations.\footnote{Ibid., p. 35.}
IV. METHODOLOGY

The writer utilized the descriptive analysis approach in the development of this paper. This approach allows for a description and general analysis of the problem. The analysis offers an opportunity for detailed discussion and subsequent recommendations to the solution of the problem.

The data collection technique used by this writer was participant-observation. The reasons for this method were: (1) the writer has a close relationship with officers within ranks in the Audit Office, (2) this relationship has provided the opportunity to obtain detailed information about the problem within the Royal Thai Army Audit Office; (3) as an auditor, the writer has had first-hand experience on the subject; (4) the writer once headed an auditing team, at which time, he became quite familiar with external forces which affected the Royal Thai Army Audit Office.

Additionally, the writer obtained information from documents of the Royal Thai Army, the Royal Thai Army Comptroller Office, the Monetary Department of the Army, the Royal Thai Army Audit Office, books and other related documents.
V. ANALYSIS

Inadequate Staffing

The Audit Office is responsible for auditing almost all the army's accounts which include the following:

1. Fifty-three units and the army's provincial that have general accounts;
2. There are 214 officers that have general accounts;
3. Fourteen units and offices that have cashbooks and/or deposit accounts;
4. Sixteen centralized general accounts units.

The total units to be audited are 297. It is important to underscore the fact that each unit has several accounts to be audited;

Before establishing the new Royal Thai Army Audit Office, there were only thirty-six officers in the old audit division within the Royal Thai Army Comptroller's Office. These officers had to audit almost all the army's accounts. At that time, there was a total of fifty-two accounts to be audited. Due to the number of accounts

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to be audited, and the limited number of staff available to the office, the audit process was plagued by delays. An examination of the current auditing procedure and the number of officers it takes to complete an audit, revealed the following:

1. It took four to five months for three officers to audit a one-year account of the First Regional Army;
2. It took two to three months for three officers to audit a one-year account of the Provincial Army;
3. One month was required for three officers to audit a one-year account of any battalion;
4. Approximately two days were taken by three officers to audit a one-year account of any office of the Provincial Recruiting Office;

Realizing that the staffing in the Audit Office was inadequate to cope with the volume of work, the army adopted a three-step plan of recruitment. The following are elements of the plan:

Step 1: The hiring of 149 officers in 1979;
Step 2: The hiring of 32 officers in 1980;
Step 3: The hiring of 46 officers in 1981.\(^{36}\)

If this plan were to have realized its stated goal, 227 new officers would have been added to the Audit Office.

The plan failed terribly. In fact, by the beginning of 1981, there were only eighty-four officers in the entire Audit Office. This figure is far less than the 227 new officers expected to be added to the office between 1979-80. More importantly, the total staff in the Audit Office amounted to 161. This included 84 officers, 45 sergeants and corporals, 26 permanent and 6 temporary non-commissioned employees. To make matters worse, the army expanded during the same period to include units such as the New Central Office of Arms and the Special Mobile Battalions. This expansion resulted in the addition of fifty-five more accounts to be audited.

It is important to point out the fact that the officer corps is the backbone of the Audit Office. This is due to the fact that the Audit Office employs individuals with bachelor's degrees in the fields of business administration, accounting, economics, law, political science and related disciplines to be trained as audit officers. One of the major reasons why the army as a whole and the Audit Office in particular, suffer from inadequate


staffing is that the army is not the first choice as a career for most of these young Thai graduates. In fact, most of them gravitate towards the private sector because the salary is higher. Those who choose the public sector over a career in the army do so because jobs in the public sector are more secure and less stressful. Moreover, when the Audit Office was carved out of the Royal Thai Army Comptroller Office, a majority of the officers seconded to office came from the Monetary Department of the Army. Like other units or departments in the army, the Monetary Department was understaffed, especially at the officers level. Consequently, only a few officers were released to the Audit Office. In fact, a review of vacancies in the Audit Office revealed that of the thirty-six positions at the lieutenant colonel rank, only thirteen have been filled, and eight positions at the major level have been filled, out of forty-five.\(^3\)

Adequate staffing is a vital and necessary activity in all organizations; the best program can succeed, merely limp along, or fail miserably because of a lack of adequate and qualified staff. Every organization has to be concerned about the quality of its personnel. Ernest Dole, in his book, *Management: Theory and Practice*, stated that

staffing involves filling the positions in the structure so as to ensure that the organization can be operated effectively. In particular, staffing is the proper and effective planning of manpower requirements and the acquisition and development of personnel to perform the duties and responsibilities specified by the organizational structure. He also asserted that:

It is important to have a good organization structure, but it is still more important to fill the jobs with the right people. A company may be successful within an organization structure that is very far from the best, but it will never be able to get off the ground if the people who run it and those who do the actual work are incapable.

The Inefficiency of Inter-Unit Communication Regarding the Operation

There are some problems concerning the main functions, purpose and the operational role of the Audit Office, which are still not clearly understood by other units in the army. The communication between the Audit Office and other units is relatively slow and ineffective because of too many steps in constructing a plan of operation. The steps involved in constructing a plan of operation is shown in the figure below.

41 Ibid., p. 360.
FIGURE 1
INTERNAL AUDIT PROCESS

1. Plan for the job, decide which units will be audited.

2. Explore the internal control of each unit or units which are selected for auditing.

3. Determine what should be the limitations for the auditing process.

4. Auditing begins, and finishes

5. Make a report. First, submit to the commander in chief of the army, and then to the units involved.

6. Follow the results after finishing the audit.


Steps 1 through 3 can be performed in the Royal Thai Army Audit Office. Although it can be seen from the figure that there are only six steps involved in constructing a plan of operation, there are numerous barriers inherent in the process. For example, before the RTAAO can
proceed from Step 1 to 2, it has to receive clearance from the commander-in-chief of the army. In spite of such a clearance, the Audit Office has to receive yet another clearance from the Ministry of Defense prior to actually sending the audit officers into the unit. According to a spokesman for the Ministry of Defense, the second clearance is needed in order to enable the unit to be audited to provide the necessary conveniences for the auditing team.\footnote{Montri Pookanat, "Structure of Internal Audit," Document of the Royal Thai Army Comptroller Office (Bangkok: Government Press, 1980), p. 15.} However, it takes too long to receive those clearances, and, for the most part, the original requests for authorization of audits sent by the RTAAO have been lost in the mail or misplaced. In some instances, the Audit Office did receive clearance from the Ministry of Defense, but the units that are targeted for audits did not receive official notification. Such breakdown in communications have also contributed toward the delays in the audit process.

Moreover, when the auditing team completes its report in Step 5, such a report is first submitted to the commander-in-chief of the army for his review, comments and recommendation. After this is done, then the final report is submitted to the audited unit(s) as well as the
Army Inspector Department and the Monetary Department of the army. 43

The communication problem in the Audit Office is compounded by the lack of monitoring of the audit team once it is in the field. This is partly due to the inadequate staff in the Audit Office as well as the poor network of communication system in the army. This writer is of the opinion that the communication problems encountered in the Audit Office have adversely affected its operations. In the words of L. W. Porter and K. H. Roberts:

"Communication is an essential process in organizations. Indeed as some experts have noted, it plays an important role in virtually every aspect of their functioning, and a key determinant of organizational effectiveness." 44

Difficulties in Setting Up an Efficient Records Maintenance System

When the new Audit Office was established, it appeared that the army authorities did not pay proper attention to the issue of adequate space for this office. In fact, the office was located in a relatively small space previously occupied by the military police. Because of lack of space, the office was crowded with file

43 The Royal Thai Army Audit Office Staff, Year-end Report to the Director of the Royal Thai Army Audit Office (Bangkok: The Royal Thai Army Audit Office Press, 1986), p. 25.

cabinets, and documents that are scattered everywhere, including the top of file cabinets. Moreover, the limited space has also contributed towards keeping confidential documents in unsecured areas in the office. This particular problem has resulted in the breach of confidentiality on numerous occasions.

In addition, the technology utilized in this office is obsolete. Computer systems and microfilms are not used and all records are handled manually and kept in cabinets if space were available. The issue of inadequate space has also created serious problems for the management of office records. On occasions when individuals have attempted to retrieve old documents, they usually discover that such documents are misfiled, lost or left in a corner. The amount of time needed to go through these piles of documents is unbelievable. According to Dick Layton, the procedures for space uses and management should take into consideration the elements for an effective records management system. He maintained that such a system could free significant amounts of space by eliminating the presence of unnecessary filing cabinets.45

VI. CONCLUSION

The problems that confronted the Audit Office at the Royal Thai Army are not peculiar to that office alone. A majority of the other offices or departments in the army face similar problems. However, in the case of the Audit Office, the fact that it needs officers with training and background in specific fields such as business administration, accounting, economics, law and political science presents special problems for this office. The lack of adequate number of university graduates with such background and the fact that the army does not pay attractive salaries equally compound the problem.

The smooth flow of communication within an organization is vital to the organization's survival and effectiveness. The less channels a communication will have to go through, the better are the chances of minimizing distortions and speedy implementation of decisions inherent in the communication. The two clearances that the Audit Office must receive prior to auditing a unit's accounts, and the delays in correspondence necessitated by seeking such clearances prolong the audit process.

The lack of space for the Audit Office poses a very serious problem for this unit. It is unable to
rationalize its recordkeeping system due to inadequate space. The failure to modernize the recordkeeping system by depending upon manual operation which is too time-consuming, is a definite drawback.

Recommendations

In order to address the problems discussed in the analysis section of this paper, the following recommendations are offered. The army:

1. Should establish a scholarship fund to finance the college education of young Thais who will sign a contract to work for the army for a specific number of years after graduation;

2. Should restructure its salaries to make them very competitive and also provide much more competitive benefit packages;

3. Should allow the Audit Office to seek only one clearance prior to conducting an audit;

4. Should modernize the audit process through the introduction of modern technology such as computers.
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