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The Role of Independent Audit in the Process International Economic Integration - Research in Vietnam

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Abstract

Independent audit is a tool to help businesses limit risks and discover the strengths and internal financial potential within the business. In the context of Vietnam increasingly integrating deeply into the international economy, Vietnam's independent audit industry faces great opportunities to develop even more strongly, as well as demands for

innovation to integrate. Integration and sustainable development. The article points out the role of independent auditing and at the same time offers some solutions to enhance the role of independent auditing in Vietnam's international economic integration process.

Keywords: Independent Audit, International Economic Integration, Businesses

1. Introduction

Through the process of formation and development, independent auditing meets the increasingly deep integration of the economy. In the context of integration, independent auditing activities are a necessary need for openness and transparency. financial information, serving the interests of businesses, investors and managers at home and abroad, the interests of capital owners, creditors as well as the interests and requirements of the State, making health national finance. With that important function, independent auditing plays an important role in the economy. The market economy requires businesses of all economic sectors to manage and operate production and business to have accurate, timely and reliable information. Vietnam's independent audit has affirmed its indispensable role in the economy and become an important part of the system of macroeconomic management tools, playing an active role in serving economic development - society. Independent auditing activities have become a necessary need to publicize and transparent financial information, serving the interests of businesses, domestic and foreign investors, the interests of capital owners, and investors. creditors as well as the interests and requirements of the State.

2. Literature review

Auditing is a professional term and a professional activity that has appeared for a long time in many countries around the world and has been accepted in Vietnam since the early years of innovation (1990). In the new economic management mechanism, the State leads and manages the economy not by administrative measures, but by law, by economic measures, by leverage and economic tools. The market economy also requires economic and financial activities to take place in an equal, transparent and public manner.

Auditing is a professional term and a professional activity that has appeared for a long time in many countries around the world and has been accepted in Vietnam since the early years of innovation (1990). In the new economic management mechanism, the State leads and manages the economy not by administrative measures, but by law, by economic measures, by leverage and economic tools. The market economy also requires economic and financial activities to take place in an equal, transparent and public manner. Economic and financial information processed, synthesized and provided by accounting to serve economic decisions must ensure completeness, honesty and high reliability. To do so, the first issue is that the collection, processing and provision of economic and financial information of enterprises and the State must be based on the provisions of law, first of all the law on accounting, statistics, economic information; must comply with accounting standards and principles; must rely on the capacity and compliance with the law of financiers and accountants. There is absolutely no doubt about the qualities, ethics, honesty, and professional capabilities of financial managers, economists, and accountants. But the state, investors,

entrepreneurs and traders need high reliability of economic and financial information received to use, review and consider when making investment decisions. Doing business or deciding on economic, financial - budget issues of the locality and the country. Users of economic and financial information, especially investors, business partners, Lenders, lessors, lenders, managers, and lawmakers can only feel secure and boldly make economic and financial decisions when the information provided by accountants is evaluated. And objectively and truthfully verified by an organization or independent practitioners. That is the audit activity and is performed by auditors. There are 3 types of audits: *Independent auditors* conduct audits of economic activities; *State audit* audits state financial activities; *internal audit* audits in each unit and agency.

Independent audit in Vietnam:

Along with the development of the market economy, independent audit activities have formed and developed, increasingly becoming an indispensable need for business activities and improving the quality of enterprise management. In May 1991, Vietnam's independent auditing activity was born after a long period of gestation and at that time there were only 2 companies established by the Ministry of Finance with 15 people and almost no certified auditors.

3. The role of independent audit in the process of international economic integration

Independent auditing helps improve the reliability and transparency of information and data of businesses, creating favorable conditions to promote the speed and number of transactions carried out in the economy, reports Finances must be audited and only audited economic information is a reliable basis for making effective and reasonable decisions. The fact that legal regulations require financial information to be audited before publication, clearly demonstrates the role of auditing in the process of economic innovation. Independent audit is indispensable for economic activities in a market economy under State management. Auditing increases the level of trust in financial information, contributing to healthy economic relationships. Based on audit results, users of audited financial statements obtain objective and accurate information from which they can properly evaluate the financial situation as well as business performance. Of businesses as a basis for their economic decisions. Besides the main goal of providing opinions on financial statements, through the audit process, auditors can make recommendations to help businesses perfect their control systems and improve efficiency in management. Financial management in particular as well as business activities in general.

First: Reassess the accuracy and transparency of information. Regardless of operating in any economic field, the annual operating results of the business are not shown on the financial statements (including balance sheet, business results report, cash flow table). Currency, notes to financial statements). Verification is the most basic function associated with the birth, existence and development of audit activities. This function itself is constantly evolving and is expressed from many different perspectives depending on the specific object of the audit, which is a financial statement or a specific economic operation or an entire accounting document reflecting the situation.

Production and business of the unit. However, for many different reasons, business owners - those responsible for preparing financial reports - want to hide defects, weaknesses or exaggerate their business results on the financial statements. Subjects interested in independent audit reports, specifically include:

- State agencies need to have truthful information to regulate the macro economy. The State bases on audited financial statements to consider whether enterprises using state budget and national assets to operate their business are effective and serve the goal of economic development. Economic and social situation of the country? Regarding tax obligations to the State, businesses usually want to pay less to appropriate the remaining profits, so they will declare increased expenses to reduce profits and pay less taxes. This error will be detected and corrected.
- Investors contribute capital to the business or buy shares of the business: Although they do not have the qualifications to thoroughly examine the business's financial statements, the financial statements have been audited. Independent staff confirmed that shareholders can feel secure about profits and decide to continue investing or not invest in the business.
- Banks and credit institutions lend capital to businesses: To be able to make decisions on lending, recovering capital or not lending, banks and credit institutions must firmly grasp the economic situation. Business and its ability to repay debt. Independent auditors will help the bank identify and authenticate these issues, therefore, independent auditors must be competent and reputable with both business owners and people interested in the report. Finance.
- For workers: Financial reports are also very important, because in a market economy, workers have the right to choose a stable workplace with a high income. The financial statements of a profitable business certified by auditors will be more attractive to workers with professional qualifications and capabilities.
- Foreign investors: Vietnam is implementing an open policy, multilateralizing investment not only domestically but also internationally, however, foreign investors always require an audited financial report. Audit confirms the socio-economic situation of the host country, business environment and competitiveness of the enterprise in which they intend to invest.
- Business administrators and other managers: These subjects also need truthful information to make decisions in all stages of management, including receiving capital, directing and operating and this information can only be obtained through audits.

Monday, express your opinion on the quality of financial information. The function of expressing opinions can be understood broadly to mean both information quality and legal conclusions. Professional guidance and consolidation of financial and accounting practices: All activities, especially financial activities, include diverse relationships, are always changing and are composed of a series of operations. Specifically. Vietnam is in the process of economic development, in which financial relationships and accounting regimes have many changes. Meanwhile, inspection and control work is not timely, leading to violations of financial and accounting principles. This

reality shows that only better implementation of audit work can bring financial and accounting activities into order. Independent audit not only has a verification function but also a consulting function. Business owners cannot control tens of thousands of financial and accounting operations that occur in the business. Therefore, to be able to authenticate their financial and accounting situation at a certain period, business owners often invite reputable independent professional auditors to check and comment on the reports. Finances of your business. The auditor's comments will help business owners promptly detect errors, waste or violations of the law intentionally or unintentionally to promptly handle and prevent possible losses.

In economic relations, thanks to auditing, businesses have found a common voice, which is mutual trust, frankness, and honest presentation of their financial situation. This is a very important factor in evaluating and choosing a business partner. Especially in business cooperation relationships with foreign countries, if a foreign investor wants to learn about business activities and evaluate the financial situation of an enterprise before investing or cooperating in business, the cost for an audit will be much more effective and cheaper than the costs that both sides have to spend to negotiate and prove their financial capabilities. At the same time, the objective opinion of the auditor is always more reliable. Even when foreign-invested companies are established, the need for auditing of these companies is inevitable due to the management requirements of foreign partners in the business. Therefore, the birth of independent audit has well met the needs of foreign direct investment activities, contributing to perfecting the investment environment and accelerating the process of economic transformation.

Currently, independent audit is not only a tool for managing the economy but has become an important component of the country's economic management system. Independent audit activities have determined their position in the market economy, contributing to preventing and detecting waste, attracting foreign investment capital, implementing transparent financial reporting, and serving Effective for the economic and financial management and administration of the State and business activities of enterprises.

Reality shows that independent auditing contributes to increasing the quality of economic and financial information, ensuring independence, objectivity and honesty, contributing to information disclosure and transparency, and creating trust of the agency. State agencies, customers and related organizations. More importantly, independent auditing creates motivation to maintain and develop sustainable businesses. Independent audit helps banks and investors know investment results, use enterprise capital as a basis to expand investment or recover capital promptly, or divide profits, handle business risks. Besides, independent audit also helps the State streamline its apparatus, eliminating the need to approve annual financial and tax settlements; have honest and timely data as a basis for finalizing taxes and obligations to be paid or shared with businesses... Especially, for the stock market, improving the transparency of financial information of Listed organizations in particular and companies whose public interests in general are always put first. In particular, the quality of financial information provided by businesses on the stock market depends greatly on the quality of audit services of independent audit firms.

In addition to the above positive contributions to the economy, independent auditing is also a service activity and as such it creates value for the economy, contributing to raising national income and increasing revenue for the economy. Budget. Auditing activities also attract a large force of highly qualified workers and especially a force of foreign consultants working at international auditing companies. This force has passed on many economic management experiences to businesses, organizations as well as colleagues.

Tuesday, guidance on financial and accounting activities: All activities, especially financial activities, include diverse relationships, are always changing and are composed of a series of specific operations. Vietnam is in the process of economic development, in which financial relationships and accounting regimes have many changes. Meanwhile, inspection and control work is not timely, leading to violations of financial and accounting principles. This reality shows that only better implementation of audit work can bring financial and accounting activities into order.

Wednesday, improve efficiency and management capacity: Independent audit not only has a verification function but also a consulting function. Business owners cannot control thousands or thousands of financial and accounting transactions that occur in the business. Therefore, to be able to authenticate their financial and accounting situation at a certain period, business owners often invite reputable independent professional auditors to check and comment on the reports. Finances of your business. The auditor's comments will help business owners promptly detect errors, waste or violations of the law intentionally or unintentionally to promptly handle or prevent possible losses. Go out. In short, independent audit is a tool that helps businesses limit risks and discover the strengths and internal financial potential within the business.

In the context of Vietnam increasingly integrating deeply into the international economy, Vietnam's independent audit industry faces great opportunities to develop even more strongly, as well as demands for innovation to integrate. Sustainable import. Although the Auditing industry has achieved important results in building and developing a system of independent auditing organizations in Vietnam, in practice there are still many shortcomings and limitations such as:

- The legal framework on the organization and operation of the audit system is not complete and consistent; has not really created a strong enough legal framework for the development of independent auditing businesses and the reliability of customers in auditing activities.
- Auditing activities in practice are still limited in scope, scale and quality. Practicing experience, capacity and competitiveness, and audit quality of independent audit firms do not meet the requirements of information users. The quality of internal audit activities at some state-owned corporations is still limited in scale and professionalism; internal audit has not really affirmed its role in serving the unit's internal management.

4. Some solutions to enhance the role of independent audit in the process of international economic integration

To promote the role of independent audit in the process of international economic integration, in the coming time it is necessary to orient the development of the independent audit

system according to the following contents:

The first, perfecting the legal environment of auditing activities: Auditing only operates effectively and develops strongly in conditions of a complete and stable legal environment. Accordingly, research to improve the legal framework to create a stable legal environment, suitable for the development of independent auditing; Supplementing regulations on mandatory auditing for some types of businesses. Supplement regulations on liability regime when providing audit information and material compensation if information is incorrect to protect users of audit information, and at the same time serve as a condition to improve service quality. Accounting and auditing services. Strengthen capacity, define functions, tasks and establish relationships between subsystems in the audit system. Each subsystem, especially independent accounting, must proactively develop human resources in sufficient quantity and ensure quality. Developing human resources with high professional qualifications requires a national training strategy, especially at universities and academies. Along with human resource development, the independent accounting module also needs to supplement and perfect the system of standards and auditing processes; professional methods; Developing types of auditing and applying science and technology to auditing work.

Monday, promoting international cooperation on auditing activities: With the strong development of international accounting and auditing organizations such as IFAC, INTOSAI, ASOSAI... of which Vietnam is a member, the exchange of experiences and techniques Global professional skills are inevitable and it is also an important condition to help auditors, audit organizations and auditing professional associations in Vietnam exchange professional skills and access new methods. Professional methods and auditing operations are new and increasingly developing strongly. In the face of the upcoming trend of deep integration, it is necessary to focus on promoting international integration, creating close relationships and mutual recognition between Vietnam and countries in the region, the world and other countries. International organizations; Actively participate in the process of developing international financial reporting standards, international public accounting standards, and international auditing standards through regional and world forums, paying special attention to to continue updating international auditing standards, ensuring compliance with international auditing standards...

With 30 years of formation and development, the Auditing industry needs to take advantage of cooperation with international auditing businesses to learn, share experiences, strengthen training links...; Encourage these businesses to actively participate in contributing ideas to build, develop and perfect the legal framework system on accounting, auditing and related economic, financial and tax fields; Actively participate in auditing and consulting activities in terms of accounting and auditing to support Vietnamese businesses in listing stocks or issuing or listing convertible bonds in foreign markets, helping businesses This industry successfully integrated into the regional and international stock and capital markets.

Tuesday, strengthen management and quality control of audit activities. Professional associations also need to strengthen auditing professional guidance activities, proactively develop training and professional development programs for accountants, organize exams and issue

independent accountant certificates; at the same time, it is necessary to introduce effective measures to monitor the implementation of professional ethical standards, as well as enhance audit quality. At the same time, raise awareness about independent audit activities. Promoting propaganda about the role and effects of independent auditing so that managers, investors, businesses and the public can promptly grasp information, contributing to promoting the development of auditing. Independence in the current context.

Fourth, improve professional capacity and quality of audit services. Improving professional capacity and quality of auditing services must be considered a regular and continuous task. Each auditing firm needs to develop and strictly enforce regulations on management and quality control, clearly defining implementation responsibilities, review responsibilities, and quality control through each stage of work and each staff level. Pellets. Each auditor must demonstrate professionalism in being fully aware of and complying with professional ethics, professional discipline, and persistently preventing and combating violations of professional ethics. Resolutely combat unfair competition and reduce audit fee prices, leading to unsecured audit quality.

Auditing businesses should focus and aim at professional investment, specialization, computerization of service provision, and becoming reliable partners. It is possible to joint venture, associate, merge with large auditing firms, or join international audit networks, combine and share the advantages of each member, forming a strong alliance to be able to stand firm in competition, development and integration. The creation of a system of professional auditors must improve the quality of training so that the level is on par with regional and international standards. It is necessary to regularly train auditors and professional staff on knowledge, laws, information exchange, professional skills and working methods, especially maintaining and strictly complying with regulations. Professional ethics of accounting and auditing. This training process does not only take place in school but must continue after working. Consider changing the process of organizing exams and issuing practice certificates, in accordance with international practices. In addition, it is necessary to build a professional working environment and style, promoting the implementation of ethical standards of auditors. The quality of auditing services is not only influenced by the knowledge and experience of the auditor, but also greatly influenced by the auditor's ethics.

5. Some recommendations to agencies

On the management side

Firstly, strengthen inspection and supervision of service quality for companies providing independent audit services. The Ministry of Finance organizes teams to inspect service quality at independent auditing firms: With inspection and control, strict discipline and professional ethics will be maintained during business operations. Reality shows that even organizing periodic inspections every three years with an auditing firm according to current regulations is very difficult because the human resources apparatus of the Ministry of Finance is still very thin while the workload is very low. The drafting of policies and regimes for the field of accounting and auditing is too large. In the coming time, management agencies need to overcome difficulties to

effectively implement inspection and supervision of service quality of independent auditing companies, contributing to improving the role and capacity of management. State regulation on auditing in general and independent auditing in particular.

Second, improve the legal framework on the responsibility of auditing firms for the quality of audit activities, regulations on compulsory professional insurance, and strengthen sanctions for violations. Auditor's professional ethics; Continue to update international auditing standards, ensuring compliance with international auditing standards. As a highly specialized field of activity, requiring very strict rules and professional standards, up to now, the legal framework for auditing activities in Vietnam has so far complied with common practices and standards. International standards, including the Law on Independent Auditing, guiding decrees, auditing standards system and professional ethical standards. In the face of the upcoming trend of deep integration, it is necessary to focus on promoting international integration, creating close relationships and mutual recognition between Vietnam and countries in the region, the world and other countries. International organizations; Actively participate in the process of developing international financial reporting standards, international public accounting standards, and international auditing standards through regional and world forums, paying special attention to to continue updating international auditing standards, ensuring compliance with international auditing standards...

Third, promote the activities of professional auditing organizations to promote professional management and support the development of the independent audit service market. Over the years, VACPA has become a bridge between state management agencies (Ministry of Finance) and auditing businesses as well as practicing auditors. As a professional organization, VACPA has connected auditing companies and practicing auditors in career development, vocational training and improving the quality of independent auditing; Thereby, assisting the Ministry of Finance to implement independent audit activities and effectively promote the role of the audit profession in Vietnam.

Four is, prepare well the force, mechanism, and material conditions to receive the transfer to the Accounting and Auditing Association of the tasks of training, coaching, evaluating and controlling the quality of practice of companies and auditor. Have an attitude to handle companies and auditors who violate professional ethics.

Fifth, urgently prepare conditions to internationalize the qualifications and practicing certificates of Vietnamese auditors, achieving recognition among countries in Southeast Asia.

Sixth, as for accounting and auditing training institutions, it is necessary to improve the quality of training and increase opportunities for students to access reality. During the training process, attention should be paid to topics on professional ethics for students. The more the economy develops, the higher the demand for information from audit results from users. Strengthening and innovating ways to control the quality of audit activities of independent auditors is an indispensable requirement for an open and integrated market economy.

On the part of auditing businesses

Firstly, improve the quality of the auditor team at auditing

enterprises. Continuously improve the qualifications and professional capacity of auditors, through policies on recruitment, coaching, training, rewards and sanctions. Practice in the world shows that human resources play the most important role, creating a brand, reputation and a stable customer source for auditing companies and are considered decisive for the sustainable success of each company. Ty. Therefore, the selection and quality training of auditors is extremely necessary. In addition to paying attention to training, independent auditing firms need to coordinate with large international auditing firms and professional organizations to have appropriate training programs consistent with standards. International.

Second, diversify audit services. Currently, among the services that independent auditing companies provide, the services of auditing and reviewing financial statements (including auditing annual financial statements, finalization reports of construction works value) basic, economic contract settlement,...) Accounts for the largest number. In particular, since the Law on Independent Auditing was introduced, the subjects required to audit annual financial statements have been expanded, including public companies, issuing organizations, securities companies, and public companies. Insurance, banks, foreign-invested enterprises, state-owned enterprises and enterprises with more than 20% State capital contribution... further open up development opportunities for the independent audit industry. In the coming time, it is necessary to focus on diversifying audit services, focusing on financial and management consulting services such as: Determining the value of collateral for bank loans; Contribute capital to joint ventures and equitize enterprises; Investment consulting, investment capital transfer; Audit confirms the localization rate in production...

Third, build a professional working environment and style, promoting the implementation of ethical standards of auditors. The quality of auditing services is not only influenced by the knowledge and experience of the auditor, but also greatly influenced by the auditor's ethics. It is necessary to create a legal corridor for auditing practice, even though it has been completed, but for auditors to follow that corridor, the stage of managing and monitoring the quality of auditing professions plays a very important role. Design audit quality control processes and design an organizational structure to specifically perform this task. At the same time, auditing companies must store information and documents related to the quality control process of audit activities in each specific audit. Assessing audit acceptability for client selection should be conducted before committing to provide services and must be stored in audit records.

Four is, it is necessary to increase exchange and sharing between audit firms on expertise, training issues, and audit cooperation.

6. Conclude

Responding to the economy in the process of international economic integration, implementing the policy of diversifying forms of ownership, economic sectors are expanding and playing an increasingly important role in the economic development process. Economy of the country. Although from many different perspectives, all of these subjects have the same desire to have highly accurate, reliable and honest information. Independent audit is a tool

to help businesses limit risks and discover the strengths and internal financial potential within the business. In the context of Vietnam increasingly integrating deeply into the international economy, Vietnam's independent audit industry faces great opportunities to develop even more strongly, as well as demands for innovation to integrate. Integration and sustainable development.

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