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The Role of Independent Audit in the Context of Integration

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Abstract

In the context of international economic integration, after more than 30 years of formation and development, independent auditing meets the increasingly deep integration of the economy. Independent audit activities are a necessary need to publicize and transparent financial information, serving the interests of businesses, domestic and foreign investors, managers, capital owners, creditors, as well as the interests and requirements of the State, making the national

finances healthy. In this article, the authors have mentioned the process of formation and development of independent auditing as well as analyzed the factors affecting independent auditing, the role of independent auditing in Vietnam, from which they provide some recommendations to enhance the role of independent audit during the integration period.

Keywords: Independent Audit, Market, Integration, International Economy

1. Introduction

Vietnam's independent audit has affirmed its indispensable role in the market economy after more than 30 years of establishment and development. It has become an integral part of the system of macroeconomic management tools in finance, playing an active role in serving economic development and international integration. Independent auditing activities have become a necessary need to publicize and transparent financial information, serving the interests of businesses, domestic and foreign investors, capital owners, and creditors, as well as meeting the interests and requirements of the state.

On May 13, 1991, according to License No. 957/PPLT of the Prime Minister, the Ministry of Finance issued a decision to establish two auditing companies: Vietnam Auditing Company, with the trading name VACO. (Decision 165-TC/QD/TCCB) and Vietnam Accounting Services Company, with the transaction name ASC (QD164-TC/QD/TCCB), later renamed Financial Consulting Services Company, accounting, auditing - AASC (Decision 639-TC/QD/TCCB dated September 14, 1993). As leading companies in the industry, VACO and AASC have made many contributions not only in company development, expanding audit areas, but also in collaborating with foreign companies and organizations to develop their careers. Vietnamese audit. Also in 1991, Ernst and Young Company was the first foreign auditing company approved by the Vietnamese State to establish an office in Vietnam.

However, under the condition that the market economy in our country has developed strongly and deeply integrated with many business activities and products of industries that have penetrated the European Union market, the market The US and some other demanding markets... Along with the bilateral commitments of the US-Vietnam trade agreement, WTO, CPTPP agreement, EVFTA and EVIPA..., businesses operating in the field of auditing are still limited. In terms of scope, scale and quality, it does not meet the requirements of information users. To affirm its position and reputation in the context of deep integration, Vietnam's independent audit is required to promote its role comprehensively, which is an objective and urgent necessity. Therefore, the authors studied the role of independent audit in Vietnam and then made some recommendations to enhance the role of independent audit in the integration period.

2. Theoretical Basis of Independent Audit in the Context of Integration

2.1 The formation and development of independent auditing in Vietnam

If the term "auditing" and auditing professional activities have been known and developed for a long time in the world, then in Vietnam, auditing activities in Vietnam before the 1990s were mainly conducted by the State. Through accounting inspection. It was not until the late 1980s, when Vietnam gradually transitioned to a socialist-oriented market economy, especially since

the Foreign Investment Law, allowing foreign investors to invest in Vietnam. In the South, independent auditing services have just begun to appear, with the establishment of Vietnam Auditing Company (VACO) on May 13, 1991, many other Vietnamese auditing companies began to appear. Were established, along with the presence of international auditing companies and joint venture auditing companies. Vietnam has also gradually institutionalized auditing activities in general and independent auditing in particular. Starting in January 1994, the Government issued the Independent Audit Regulations according to Decree No. 07/CP, dated January 19, 1994. From January 1, 2012, independent audit activities will be carried out in accordance with the Law on Independent Audit No. 67/2011/QH12 passed by the 12th National Assembly, 9th session on March 29, 2011, the Government has There is Decree No. 17/2012/ND-CP, dated March 13, 2012 guiding the Law on independent auditing.

Up to now, Vietnam's independent audit market has had the presence of many of the world's leading auditing firms such as the Big Four group (EY, KPMG, PWC, Deloitte), thereby making great contributions to the growth of Vietnam's independent audit system as well as the process of strengthening financial and monetary relations. Thanks to that, it has had the effect of spreading and promoting the image of Vietnam's independent audit market. 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. Independent audit activities also contribute to promoting compliance of businesses and economic organizations, making the investment environment healthier; contributing to detecting and preventing violations by businesses and economic organizations, improving the effectiveness and efficiency of economic and financial management and administration of the State and business activities of enterprises. Since its inception and operation, independent audit has gradually affirmed its position and important role in the system of financial inspection and control tools, contributing to the transparency of the financial situation. Enterprise. Improving the legal status and operational quality of independent auditing has been of concern to the whole society. Correctly determining the importance of audit quality, in recent years, independent auditors have always attached importance to establishing, maintaining and improving the effectiveness of audit quality control activities. Independent auditing plays an important role in the national economy. Auditing increases the level of reliability in financial information, contributing to healthy economic relations, which is very meaningful in the integration period of our country's economy. Based on the audit results, financial situation as well as business performance results, the enterprise's cash flow can be properly evaluated as a basis for its economic decisions. However, violations by auditors and auditing companies have been handled and published in the mass media in recent years, as many large auditing firms in the world have gone bankrupt, dissolution has reduced public trust in the independent audit industry and the quality of independent auditors' audits of financial statements.

2.2 Concept of independent audit

According to the provisions of Article 5, Law on Independent Auditing No. 67/2011/QH12: "Independent auditing is the inspection of practicing auditors, auditing firms, and branches of foreign auditing firms in Vietnam.", give your independent opinion on the financial statements and other audit work under the audit contract."

2.3 Types of independent audits

- Financial statement audit is the practice of practicing auditors, auditing firms, and branches of foreign auditing firms in Vietnam examining and giving opinions on the truthfulness and reasonableness of important aspects. Financial statements of the audited entity according to the provisions of auditing standards.
- Compliance audit is the practice of practicing auditors, auditing firms, and branches of foreign auditing firms in Vietnam inspecting and giving opinions on compliance with laws, regulations, and regulations that the application must be performed by the auditee.
- Operational audit is the practice of practicing auditors, auditing firms, and branches of foreign auditing firms in Vietnam examining and giving opinions on the economics, effectiveness and efficiency of a project's operations. Department or entire unit being audited."

3. The Role of Independent Audit in the Context of Integration in Vietnam

After nearly 30 years of formation and development, Vietnam's independent audit has now affirmed its indispensable role in the context of integration and become an important component of the system of macroeconomic management tools. Economics - finance, playing an active role in serving socio-economic development. 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.

In general, independent auditing plays an important role in the context of integration. The context of integration requires businesses of all economic sectors to manage and operate production and business to have accurate, timely, and reliable information. To meet this requirement, there must be an objective, independent third party with high professional qualifications and allowed by law to provide reliable information. This third party is the independent auditor. Specifically, the role of independent audit in the context of integration is shown as follows:

- Create trust for interested people

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). However, for many different reasons, business owners - those responsible for preparing financial reports - want to hide defects, weaknesses or amplify their business results on the financial statements. On the contrary, those who are interested in the business results and financial situation of the enterprise require the honesty and accuracy of the financial statements that the enterprise provides, so there is a need for verification. Of a third person. People interested in independent auditing, 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.

+ Shareholders who contribute capital to business or buy shares of the enterprise: Although they are not qualified to thoroughly examine the enterprise's financial statements, the financial statements have been audited by auditors. Independently confirmed, shareholders can rest assured about the profits and decide whether or not to continue investing 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.

- Provide professional guidance and consolidate financial and accounting practices

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.

- 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.
- Audit 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.
- The control and assessment of audit quality of auditing firms is still limited. The role of the Accounting and Auditing Association to create connections and orient professional development for auditors has not been fully effective...

4. Some Solutions to Improve the Role of Independent Audit in the Context of Integration in Vietnam

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 firms to learn, share experiences, strengthen training links...; Encourage these businesses to actively participate in contributing ideas to build, develop and improve 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 enterprises in listing stocks or issuing or listing convertible bonds in foreign markets, helping these enterprises Successfully integrated into 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 independent auditing. Established 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 employee level. 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. Conclusion

Responding to the economy in the context of integration, implementing the policy of diversifying forms of ownership, economic sectors are expanding and playing an increasingly important role in the country's economic development process. 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 potentials 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 and achieve sustainable development.

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