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Adopting Vietnamese Public Sector Accounting Standards: Readiness of Administrative and Public Service Units and the Issues Arising

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Abstract
Vietnam approved a scheme to publish a national suite of public sector accounting standards in 2019 and has since announced sixteen of them, while a new accounting regime for administrative and public service units took effect in the 2025 fiscal year. Whether those units are ready to apply the standards has been asserted repeatedly and assessed rarely, and the assessments that exist rest on perception surveys of small samples. This paper takes a different route. It builds a readiness assessment entirely from the public documentary record, coding seven dimensions against a published rubric that any reader can re-apply, and reports four findings that perception data would not have surfaced. Sixteen of a targeted twenty standards have been announced, the first two batches arriving an average of 7.1 months after their scheduled windows, and no further batch has appeared in the 27.1 months since June 2024. Four of the sixteen, a quarter of the suite, were drafted on international standards that the International Public Sector Accounting Standards Board superseded in May 2023, and the replacement for three of them took international effect on 1 January 2026, so Vietnam now holds revenue standards built on a withdrawn basis. The standards are announced rather than enacted, reaching preparers only through the accounting regime, which means a unit complies with a circular rather than with a standard. And the reorganisation that reduced provincial units from 63 to 34 and abolished the district tier took effect six months into the first year of the new regime, without any national standard on public sector combinations. The composite readiness index stands at 46.4 per cent of its maximum, with the weakest scores on currency of the adopted basis and stability of the accounting entity. Readiness, on this evidence, is constrained less by preparer capability than by the design of the reform itself.

Keywords: Public Sector Accounting, IPSAS, VPSAS, Accrual Accounting, Adoption Readiness, Vietnam, Public Financial Management

1. Introduction

Governments that move from cash to accrual accounting rarely fail at the technical step. They fail at the institutional one. The accounting treatment of a leased asset or a non-exchange revenue is a solved problem with a published answer; whether forty thousand budget units can produce statements that mean the same thing, in a legal framework that actually obliges them to, is not. That distinction is the reason readiness deserves study separately from adoption.

Vietnam began its move in earnest in July 2019, when the Ministry of Finance approved a scheme to develop and publish a national suite of public sector accounting standards modelled on the International Public Sector Accounting Standards. Sixteen Vietnamese Public Sector Accounting Standards have been announced since, in three batches between September 2021 and June 2024. In parallel, a consolidated accounting regime for administrative and public service units was issued in April 2024 and applies from the 2025 fiscal year, replacing four earlier circulars.

Readiness has been discussed continuously through this period, almost always in the same register. Ministry statements describe preparation as ongoing; academic work surveys accountants about their perceived preparedness and reports moderate scores; practitioner commentary lists familiar obstacles of training, software and staffing. What has not been done is to ask what the public record itself shows about whether the conditions for application are in place, independently of what anyone believes about their own readiness.

That question is worth asking for a specific reason. Perception surveys measure the confidence of preparers, which is informative about the human dimension and silent about everything else. If a standard has been announced but never given legal force over the preparer, no amount of preparer confidence produces compliance. If the international standard on which a national standard was modelled has since been withdrawn, a well-trained accountant applying the national standard correctly will still produce statements that diverge from the international benchmark the reform was adopted to meet. Conditions of that kind are visible in documents and invisible in surveys.

This paper therefore assesses readiness from the documentary record alone. It codes seven dimensions against a rubric set out in full, using only published legal instruments, standard-setter pronouncements and official statistics, and reports the coding so that any reader can re-apply it and disagree with specific scores on stated grounds. No survey instrument is used and none is simulated.

Four contributions follow. The first is a schedule and coverage analysis of the standard-issuance programme measured against its own published roadmap, which converts a general impression of delay into months and counts.

The second is an analysis of the currency of the adopted basis, and it is the finding with the sharpest implications. A reform that models national standards on international ones inherits the international standard-setter's revision cycle. Where the national programme runs slower than that cycle, standards can be superseded at source before the national counterpart has been implemented. This paper documents that this has already happened in Vietnam, identifies which standards are affected, and measures the interval involved.

The third concerns the legal channel through which standards reach preparers. Vietnamese public sector standards are announced by ministerial decision rather than enacted as binding rules on units, and the obligation reaches units through the accounting regime. The consequences of that design for readiness are set out in Section 5.4, and they are not merely formal.

The fourth introduces a variable that the readiness literature does not usually contain, because most reforming jurisdictions do not experience it during a transition. Between July 2025 and the present, Vietnam reduced its provincial administrative units from 63 to 34, abolished the district tier of government entirely and merged the large majority of its communes. The accounting entity itself changed, in the first year of the new regime, and no national standard governs public sector combinations.

Section 2 sets out the institutional background, Section 3 reviews the literature and develops the framework, and Section 4 presents the method. Section 5 reports results, Section 6 discusses the issues arising, and Section 7 draws policy implications. Sections 8 and 9 state limitations and conclude.

2. Institutional Background

2.1 The reform architecture

Three legal layers govern public sector accounting in Vietnam, and keeping them distinct is essential to the argument that follows. The Accounting Law of 2015 and its implementing Decree No. 174/2016/ND-CP establish the general framework and the Ministry of Finance's authority over accounting standards and regimes. Decree No. 25/2017/ND-CP established state financial statements and assigned the State Treasury the general accounting function for their preparation, which created a demand for consolidated accrual information from budget units. The standards themselves form the third layer, announced by ministerial decision under the 2019 scheme.

The purposes recorded in the scheme are worth noting because they define the criteria against which the reform should be judged. It aims to complete the legal framework for public financial accounting, to strengthen the accountability of public sector entities in a form recognised internationally, to establish the basis for state financial statements and the Treasury's general accounting function, and to improve the transparency and comparability of public financial information. Readiness, accordingly, is readiness to produce information meeting those criteria, not merely readiness to operate a new chart of accounts.

2.2 The scheme and its roadmap

The scheme approved on 31 July 2019 set a two-stage programme. The first stage, to be completed during 2019, covered approval of the scheme itself and establishment of the drafting board. The second stage, running from 2020 to 2024, provided for research, development and announcement of the first twenty Vietnamese standards in successive batches, with the first batch scheduled for calendar 2020, the second for 2021 and the remainder through 2024.

The sequencing principle was pragmatic. Early batches were to comprise standards presenting little or no technical divergence from existing Vietnamese requirements, leaving standards with substantial differences to later batches once conditions existed to resolve those differences. This is a sensible ordering for a jurisdiction building capability, and it has a consequence the scheme did not anticipate: the standards left until last are precisely those most likely to be revised internationally in the interim.

2.3 The accounting regime as the operative instrument

Vietnamese public sector entities do not apply standards directly. Each announcing decision instructs the responsible department to study the announced standards and to propose amendments to the accounting regimes applicable to public sector units, so that the content of the standards reaches preparers through a circular issued for each field of activity. The standards, in other words, are addressed to the regulator rather than to the preparer.

Circular No. 24/2024/TT-BTC, issued on 17 April 2024 and effective from 1 January 2025 for the 2025 fiscal year, is the current instrument for administrative and public service units. It replaced Circular No. 107/2017/TT-BTC together with three sectoral circulars covering national reserves, transport and irrigation infrastructure assets, and public investment project management boards. Its stated purposes include giving effect to the Vietnamese standards, accommodating new financial mechanisms, supporting a leaner accounting organisation and improving the information available for state financial statements.

For the present analysis the significant feature is structural rather than technical. A unit's legal obligation runs to the circular. The standards condition that obligation only to the extent the circular reflects them, and no mechanism has been published for identifying or reporting divergence between the two.

3. Literature and Conceptual Framework

3.1 IPSAS adoption in developing and transition economies

The comparative literature on public sector accounting reform converges on a finding that is uncomfortable for reform advocates. Formal adoption of international standards is common, substantive change in reporting practice is much rarer, and the gap between them is systematic rather than incidental. Studies of reform in Nepal and Sri Lanka document standards disseminated through donor-supported programmes and institutionalised as form while leaving underlying budgetary practice untouched. Work on francophone Africa reaches a similar conclusion through a political-economy lens, treating adoption as an artefact of external relationships rather than of domestic demand for the information.

Comparative work across European and Latin American jurisdictions finds considerable variation in how far IPSAS actually reshapes governmental financial reporting, with adoption frequently partial, adapted or indirect. That pattern of indirect adoption, where national standards are modelled on international ones rather than applied directly, is the category into which Vietnam falls, and it is the category in which the divergence between form and substance is hardest to observe from outside.

A separate strand questions whether accrual information is used once produced. Evidence from jurisdictions that completed the transition decades ago suggests that decision-making frequently continues on a budgetary basis, and that the accrual statements function as a compliance artefact. The relevance here is that a readiness assessment focused on preparation capacity may measure the wrong thing if the demand side is weak.

3.2 Readiness as a construct

Readiness in this literature is operationalised in two distinct ways that are frequently conflated. The first treats readiness as a property of preparers, measured by surveying accountants on their knowledge, training, systems and perceived preparedness. This approach dominates the Vietnamese literature and yields moderate scores with predictable determinants of training, technology and management support.

The second treats readiness as a property of the reform system, measured against whether the conditions for meaningful application exist: standards that are complete and current, a legal channel that obliges their use, entity boundaries stable enough to report across, data infrastructure capable of consolidation, and a workforce equipped to operate them. On this view preparer confidence is one component among several and not the controlling one.

This paper adopts the second construction, for a reason that is methodological rather than doctrinal. The system-level conditions are recorded in public documents and can be assessed without access to preparers, whereas the preparer-level conditions cannot be assessed credibly without a survey the present study does not conduct. The two approaches are complementary, and Section 8 sets out how they might be combined.

3.3 Vietnamese research on public sector accounting reform

Vietnamese scholarship on the reform is substantial and concentrated in two areas. One examines the technical content of announced standards and their divergence from existing Vietnamese requirements, typically standard by standard, and is valuable as commentary on individual pronouncements. The other surveys accountants in administrative and public service units about preparedness, and reports the determinants noted above.

Neither strand treats the issuance programme itself as an object of measurement. The schedule against which standards were promised, the proportion of the international suite covered, the currency of the basis on which national standards were drafted, and the stability of the entities expected to apply them are conditions of the reform rather than properties of any single standard or any single accountant, and they have not been assessed systematically. That is the gap this paper addresses.

3.4 Conceptual framework

The framework used here arranges readiness in four groups covering seven dimensions, ordered by the sequence in which a standard must pass through them before it can affect a financial statement.

Standard supply comes first and contains three dimensions: the legal foundation authorising standards and defining reporting obligations, the coverage of the suite relative to the international benchmark, and the currency of the basis on which national standards were drafted. Transmission follows, containing enforceability at unit level, meaning whether and how the standard becomes binding on the preparer. Entity conditions form the third group, covering the stability of the accounting entity and the capacity for consolidation and whole-of-government reporting. Capability is last and covers human capital and transition support.

The ordering carries an implication used throughout the analysis. A weakness early in the chain cannot be compensated later. Training a workforce to apply a standard that has no operative effect, or that is modelled on a withdrawn international pronouncement, improves capability without improving readiness. Fig 1 presents the framework.

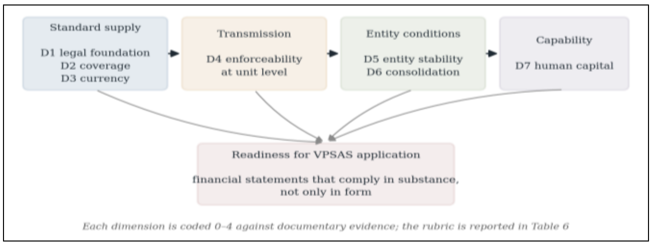

Fig 1: Conceptual framework: Seven dimensions of readiness for standard application

4. Method and Data

4.1 Design

The study is a documentary assessment. Every input is a published instrument or an official statistic, and every derived figure is arithmetic performed on those inputs and reported in full so that it can be recomputed. Where a judgement is required, as in the ordinal coding of readiness dimensions, the criteria are stated in advance and the evidence supporting each score is cited beside it.

Three things the design deliberately does not do should be stated at the outset. It does not survey preparers, so it says nothing about what accountants in administrative and public service units know or believe. It does not evaluate the technical quality of any individual standard against its international counterpart, which would require a clause-level comparison outside the present scope. And it does not measure compliance, since the financial statements of individual units are not systematically published.

4.2 Documentary base

Four classes of source are used. Vietnamese legal instruments supply the reform architecture, the roadmap and the issuance record: the Accounting Law, the implementing decrees, the 2019 scheme, the three announcing decisions and the accounting regime circular. Pronouncements of the International Public Sector Accounting Standards Board supply the benchmark suite, the issuance and effective dates of standards, and the record of which standards supersede which. Official statistics and National Assembly instruments supply the administrative reorganisation of 2025. Published scholarship supplies the comparative context reviewed in Section 3. Table 1 lists the primary instruments and what each is used to establish.

Table 1: Primary documentary sources and their analytical use

Instrument	Date	Used to establish
Accounting Law No. 88/2015/QH13	2015	Authority over accounting standards and regimes
Decree No. 174/2016/ND-CP	2016	Implementation of the Accounting Law
Decree No. 25/2017/ND-CP	2017	State financial statements; general accounting function of the State Treasury
Decision No. 1299/QD-BTC	31 Jul 2019	Scheme objectives, two-stage roadmap, target of twenty standards for 2020–2024
Decision No. 1676/QD-BTC	1 Sep 2021	Batch 1: five standards and their international basis
Decision No. 1366/QD-BTC	6 Jul 2022	Batch 2: six standards and their international basis
Decision No. 1351/QD-BTC	14 Jun 2024	Batch 3: five standards and their international basis
Circular No. 24/2024/TT-BTC	17 Apr 2024	Accounting regime for administrative and public service units from FY2025; circulars repealed
IPSAS 45, Property, Plant and Equipment	May 2023	Supersession of IPSAS 17
IPSAS 47, Revenue	May 2023	Supersession of IPSAS 9, 11 and 23; effective 1 January 2026
IPSAS 48, Transfer Expenses	May 2023	Consequential amendments; effective 1 January 2026
IPSASB Handbook (2026 edition)	2026	Composition of the accrual IPSAS suite
Resolution No. 202/2025/QH15	2025	Reduction to 34 provincial units from 1 July 2025

Source: Compiled by the author.

4.3 Readiness coding

Each of the seven dimensions is coded on a five-point ordinal scale from zero to four. A score of zero indicates that the condition is absent, one that it exists in intention only, two that it is partially in place with material gaps, three that it is substantially in place with identified limitations, and four that it is fully in place. The rubric applied to each dimension, the score awarded and the documentary evidence relied on are reported together in Table 6, so that a reader who disagrees with a score can identify exactly which evidence the disagreement concerns.

The composite index is the unweighted mean of the seven scores expressed as a percentage of the maximum. Equal weighting is a deliberate choice rather than an empirical claim: no defensible basis exists in the literature for weighting these dimensions differently, and a weighted index would embed an assumption the evidence cannot support. Readers preferring other weights can recompute from Table 6.

4.4 Derived measures

Schedule performance is measured as the interval in months between the end of the window a batch was scheduled to occupy under the 2019 scheme and the date of the decision that announced it. Coverage is measured as the count of standards announced against the roadmap target and as a comparison of the Vietnamese numbering against the international suite. Currency of the basis is measured by identifying every announced standard whose international counterpart has since been superseded, and by the interval between the Vietnamese announcement and the international supersession. The completion projection extrapolates the realised issuance rate, computed as standards announced divided by elapsed years since the scheme was approved, and is presented as arithmetic on the observed record rather than as a forecast.

4.5 What the method can and cannot establish

The design can establish what the state of the reform system is, which conditions for application are in place and which are not, and how far the programme has run against its own commitments. It cannot establish whether any particular unit will produce compliant statements, because that depends on preparer behaviour the design does not observe. Readers should treat the findings as a characterisation of the environment in which preparers operate, and Section 8 identifies the complementary evidence that would complete the picture.

5. Results

5.1 The issuance record and schedule performance

Sixteen standards have been announced in three batches. Batch 1, comprising five standards, was announced on 1 September 2021 against a window closing in December 2020, a slippage of 8.0 months. Batch 2, comprising six standards, was announced on 6 July 2022 against a window closing in December 2021, a slippage of 6.2 months. Batch 3, comprising five standards, was announced on 14 June 2024 and fell inside the remaining window, which closed at the end of 2024.

The arithmetic of the third batch requires care, because arriving within a window is not the same as meeting a target. The scheme provided for twenty standards by the end of 2024. Sixteen were announced, an attainment of 80.0 per cent and a shortfall of four. Table 2 sets out the record and Fig 2 plots it.

The more informative figure is the interval since. As at September 2026, 27.1 months have elapsed since the third batch with no fourth announced, and 85.5 months have elapsed since the scheme was approved. The realised rate over the whole period is 2.25 standards per year. A programme that slipped by roughly seven months in each of its first two batches has, on the evidence available, not resumed.

Table 2: Standard-issuance performance against the 2019 roadmap

Batch	Announcing decision	Scheduled window closes	Announced	Slippage (months)	Standards	Cumulative
1	1676/QD-BTC	Dec 2020	1 Sep 2021	8.0	5	5
2	1366/QD-BTC	Dec 2021	6 Jul 2022	6.2	6	11
3	1351/QD-BTC	Dec 2024	14 Jun 2024	within window	5	16
4	not announced	—	—	—	0	16
Roadmap target to end-2024					20	
Attainment					80.0%	
Elapsed since scheme approval					85.5 months	
Realised rate					2.25 per year	

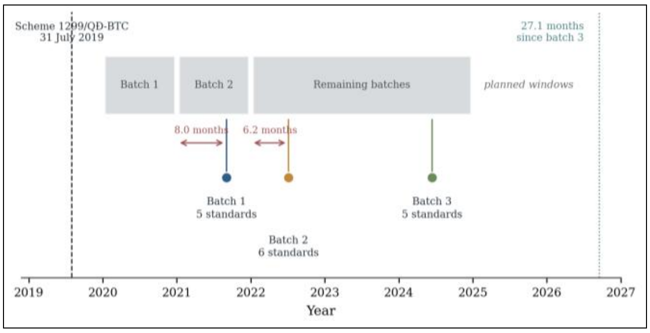

Fig 2: Scheduled and actual announcement of Vietnamese public sector accounting standards, 2019–2026

5.2 Coverage of the international suite

The sixteen announced standards carry the same numbering as their international counterparts, which makes coverage directly observable. They are VPSAS 01, 02, 03, 04, 05, 09, 11, 12, 14, 17, 19, 23, 24, 31, 32 and 43, listed with their bases in Table 3 and mapped against the international numbering in Fig 3.

What the map shows is a suite built around presentation, individual asset classes and discrete transaction types, with the structurally demanding areas absent. There is no Vietnamese counterpart to the consolidation standards, none to financial instruments, none to employee benefits or social benefits, none to impairment, none to the measurement standard that now underpins the international suite, and none to public sector combinations. Twelve substantial topic areas have no Vietnamese standard, listed in Table 5.

That composition is the predictable result of the sequencing rule adopted in the scheme, which deferred standards presenting substantial divergence. It is also the reason the reform's remaining distance is greater than the count of four outstanding standards suggests. The standards not yet issued are not four more of the same; they are the ones that determine whether consolidated accrual reporting is possible at all.

Table 3: Vietnamese public sector accounting standards announced to September 2026

Batch	Standard	Title	International basis	Basis status
1	VPSAS 01	Presentation of Financial Statements	IPSAS 1	current
1	VPSAS 02	Cash Flow Statements	IPSAS 2	current
1	VPSAS 12	Inventories	IPSAS 12	current
1	VPSAS 17	Property, Plant and Equipment	IPSAS 17	superseded by IPSAS 45
1	VPSAS 31	Intangible Assets	IPSAS 31	current
2	VPSAS 05	Borrowing Costs	IPSAS 5	current
2	VPSAS 09	Revenue from Exchange Transactions	IPSAS 9	superseded by IPSAS 47
2	VPSAS 11	Construction Contracts	IPSAS 11	superseded by IPSAS 47
2	VPSAS 14	Events After the Reporting Date	IPSAS 14	current
2	VPSAS 23	Revenue from Non-Exchange Transactions	IPSAS 23	superseded by IPSAS 47
2	VPSAS 24	Presentation of Budget Information	IPSAS 24	current
3	VPSAS 03	Accounting Policies, Changes in Estimates and Errors	IPSAS 3	current
3	VPSAS 04	Effects of Changes in Foreign Exchange Rates	IPSAS 4	current
3	VPSAS 19	Provisions, Contingent Liabilities and Contingent Assets	IPSAS 19	current
3	VPSAS 32	Service Concession Arrangements: Grantor	IPSAS 32	current
3	VPSAS 43	Leases	IPSAS 43	current

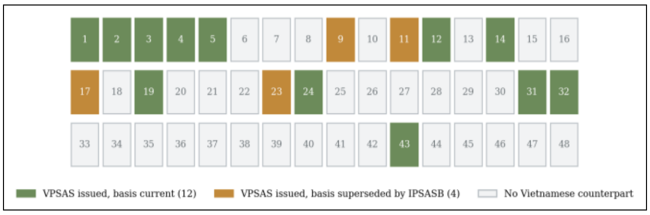

Fig 3: Coverage of the international numbering by Vietnamese standards, as at September 2026

5.3 Currency of the adopted basis

In May 2023 the International Public Sector Accounting Standards Board issued IPSAS 45, which supersedes IPSAS 17, and IPSAS 47, which supersedes IPSAS 9, IPSAS 11 and IPSAS 23 with a single revenue standard organised around the existence of a binding arrangement. IPSAS 47 and the associated IPSAS 48 take effect for periods beginning on or after 1 January 2026.

Vietnam had announced all four of the superseded standards before that date. VPSAS 17 was announced in September 2021, 20.0 months before its basis was withdrawn. VPSAS 09, VPSAS 11 and VPSAS 23 were announced together in July 2022, 9.8 months before their common basis was replaced. Four of the sixteen announced standards, a quarter of the suite, therefore rest on international pronouncements that no longer form part of the international suite, at a mean interval of 12.4 months between the Vietnamese announcement and the international supersession. Table 4 records the detail and Fig 4 plots the sequence.

The revenue case is the more consequential of the two. Revenue recognition is the single largest source of divergence between cash and accrual reporting in the public sector, and the international treatment changed structurally rather than cosmetically: three standards organised around a distinction between exchange and non-exchange transactions were replaced by two models organised around whether a binding arrangement exists. A Vietnamese unit applying VPSAS 09 and VPSAS 23 correctly, as at the date of this paper, is applying a classification the international suite abandoned.

No published mechanism exists for updating announced Vietnamese standards when their basis changes. The announcing decisions instruct the responsible department to continue researching further standards under the scheme, but they contain no provision for revisiting standards already announced, and no revision to any of the four has been announced in the 40 months since IPSAS 45 and IPSAS 47 were issued.

Table 4: Vietnamese standards whose international basis has been superseded

Standard	Announced	International basis	Superseded by	Issued	Interval (months)	Replacement effective
VPSAS 17	1 Sep 2021	IPSAS 17	IPSAS 45, Property, Plant and Equipment	May 2023	20.0	1 Jan 2025
VPSAS 09	6 Jul 2022	IPSAS 9	IPSAS 47, Revenue	May 2023	9.8	1 Jan 2026
VPSAS 11	6 Jul 2022	IPSAS 11	IPSAS 47, Revenue	May 2023	9.8	1 Jan 2026
VPSAS 23	6 Jul 2022	IPSAS 23	IPSAS 47, Revenue	May 2023	9.8	1 Jan 2026
Affected standards	4 of 16					25.0% of the suite
Mean interval					12.4	

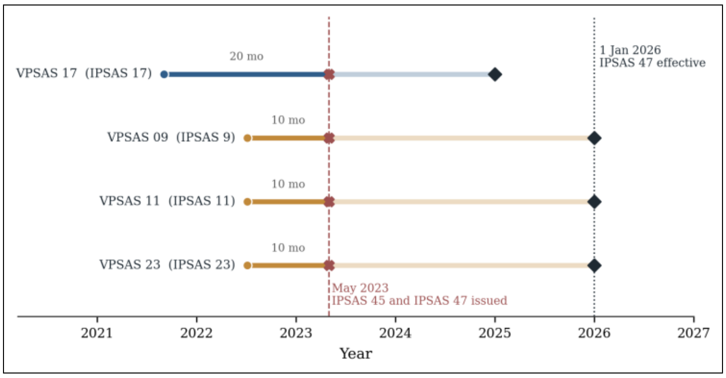

Fig 4: Announcement, supersession of basis and international effective date for the four affected standards

Table 5: Major international topic areas without a Vietnamese counterpart

International reference	Topic	Functional area
IPSAS 13, 20, 21, 26	Impairment and related-party disclosure	Asset measurement and disclosure
IPSAS 22	Disclosure of general government sector information	Whole-of-government reporting
IPSAS 34–38	Separate, consolidated and combined statements; interests in other entities	Consolidation
IPSAS 39	Employee benefits	Liabilities
IPSAS 40	Public sector combinations	Entity restructuring
IPSAS 41	Financial instruments	Financial assets and liabilities
IPSAS 42	Social benefits	Liabilities
IPSAS 44	Non-current assets held for sale and discontinued operations	Asset measurement
IPSAS 45	Property, plant and equipment (2023 replacement)	Asset measurement
IPSAS 46	Measurement	Cross-cutting
IPSAS 47	Revenue (2023 replacement)	Revenue
IPSAS 48	Transfer expenses	Expenses

5.4 The transmission problem

Vietnamese public sector standards are announced, not enacted. Each decision approves the standards set out in its appendices and directs the responsible department to propose amendments to the accounting regimes so that units apply the standards through those regimes. The legal obligation that reaches an administrative or public service unit is therefore an obligation to comply with Circular No. 24/2024/TT-BTC, not with VPSAS. Fig 5 sets out the chain.

Three consequences follow, and they are the reason this dimension scores poorly in Section 5.6. An announced standard with no corresponding provision in the circular has no operative effect on any preparer, which means the count of sixteen standards overstates what is actually in force. Any divergence between a standard and the circular is invisible to the preparer, who has no occasion to read the standard and no obligation arising from it. And because the circular is a single consolidated instrument issued at a point in time, the transmission of subsequent standards depends on a further amending instrument whose timing is not governed by the scheme.

This is not a criticism of the drafting choice, which reflects the structure of Vietnamese accounting law and the practical reality that units work from a chart of accounts and prescribed statements rather than from principles. It does mean that readiness to apply standards and readiness to apply the circular are different things, and that assessments of the former which survey preparers about the latter are measuring something other than what they report.

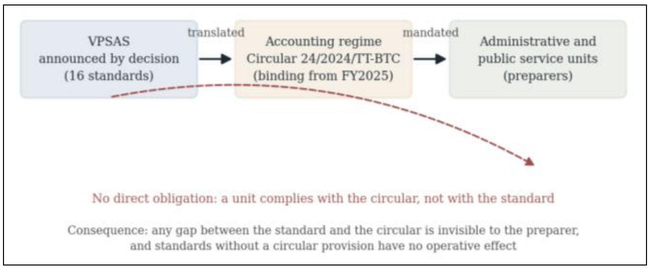

Fig 5: Transmission of standard content to preparers through the accounting regime

5.5 The accounting entity during restructuring

Between April and July 2025 Vietnam carried out the most extensive reorganisation of its administrative structure in its modern history. Under Resolution No. 202/2025/QH15 the number of provincial-level units fell from 63 to 34, comprising 28 provinces and six centrally governed cities, a reduction of 29 units or 46.0 per cent. The district tier of local government was abolished entirely, leaving a two-tier structure of province and commune, and the number of commune-level units was reduced by between 60 and 70 per cent. The new structure took effect on 1 July 2025.

The timing is what matters for this paper. Circular No. 24/2024/TT-BTC applies from the 2025 fiscal year. The reorganisation took effect exactly six months into that year. The first reporting period under the new accounting regime is therefore also the period in which a large proportion of reporting entities ceased to exist, were merged, or came into being, and in which the tier of government that sat between province and commune was removed from the reporting structure altogether.

The accounting questions this raises are not exotic. They concern the determination of opening balances for entities formed by merger, the treatment and valuation of assets and liabilities transferred between entities, the presentation of comparative information for a period during which the entity did not exist in its present form, the boundary of consolidation where a tier of government has been removed, and the disclosure of the restructuring itself. These are precisely the matters addressed internationally by IPSAS 40 on public sector combinations, and the Vietnamese suite contains no counterpart to it.

The scale of the personnel dimension gives some sense of the administrative load involved. In the 52 provinces subject to merger, the established staffing of provincial bodies totalled 447,657 positions, comprising 2,321 leadership cadres, 79,118 civil servants and 366,218 public service employees, all subject to reallocation under the reorganisation. Accounting functions form a small part of that total, but they are distributed across every affected entity and they were reconstituted in the same period in which the new regime was first applied. Table 7 sets out the accounting consequences and Fig 6 places the sequence on a timeline.

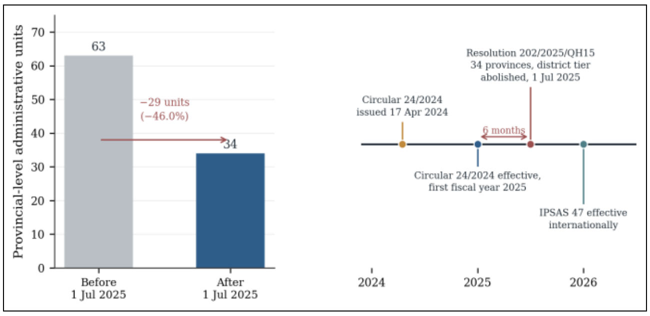

Fig 6: Administrative reorganisation of 2025 and its position relative to the new accounting regime

5.6 The readiness index

Applying the rubric to the seven dimensions produces a mean score of 1.86 out of four, or 46.4 per cent of the maximum. Table 6 reports the coding in full and Fig 7 displays the profile.

The profile is uneven in a way that a single index conceals, and the unevenness is the substantive finding. The legal foundation scores highest at three, reflecting a complete chain of authorising instruments and an accounting regime in force. Coverage, enforceability, consolidation capacity and human capital each score two, indicating conditions partially in place with material gaps. Two dimensions score one: currency of the adopted basis, where a quarter of the suite rests on withdrawn pronouncements with no updating mechanism, and stability of the accounting entity, where the reporting population was reconstituted during the first year of the new regime without a governing standard.

Both of the weakest dimensions sit outside the domain that preparer surveys examine. Neither is improved by training, by software, or by management support within units, and neither would appear in a readiness score constructed from accountants' perceptions of their own preparedness. A reform assessed only through such surveys would report moderate and improving readiness while its two binding constraints went unmeasured.

Table 6: Readiness coding: Dimensions, scores and documentary evidence

Dimension	Score	Documentary evidence relied on
D1 Legal and regulatory foundation	3	Accounting Law 2015; Decree 174/2016; Decree 25/2017 establishing state financial statements; Scheme 1299/QD-BTC; Circular 24/2024/TT-BTC in force from FY2025. Substantially in place; limitation is that standards are not themselves binding on units.
D2 Standard coverage	2	Sixteen of a targeted twenty standards announced; twelve major international topic areas without a counterpart, including consolidation, financial instruments and measurement.
D3 Currency of the adopted basis	1	Four of sixteen standards rest on IPSAS superseded in May 2023; IPSAS 47 took international effect on 1 January 2026; no updating mechanism published and no revision announced in 40 months.
D4 Enforceability at unit level	2	Standards announced by decision and addressed to the regulator; obligation reaches units through Circular 24/2024/TT-BTC; no published mechanism for identifying divergence between standard and circular.
D5 Accounting-entity stability	1	Provincial units reduced from 63 to 34, district tier abolished and 60 to 70 per cent of communes merged from 1 July 2025, six months into the first year of the new regime; no counterpart to IPSAS 40 on public sector combinations.
D6 Consolidation and whole-of-government reporting	2	State financial statements prepared under Decree 25/2017 with the State Treasury performing the general accounting function; no Vietnamese standard on separate, consolidated or combined statements.
D7 Human capital and transition support	2	447,657 provincial staff positions in merged provinces subject to reallocation; announcing decisions assign training and dissemination duties; no national data published on training coverage or completion.
Mean score	1.86	46.4 per cent of the maximum of four

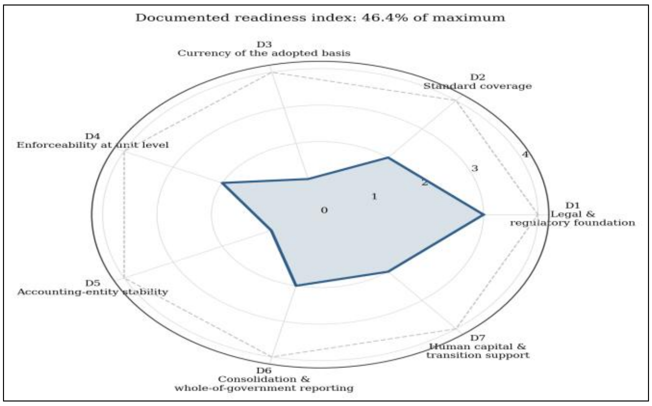

Fig 7: Readiness profile across the seven dimensions

5.7 Completion at the realised rate

The final calculation is deliberately simple. Sixteen standards in 85.5 months gives a realised rate of 2.25 standards per year. Closing the remaining shortfall against the 2019 roadmap target requires 1.8 years at that rate. Addressing the twelve topic areas identified in Table 5 requires a further 5.3 years, which places completion of that subset around 2031, and the subset does not exhaust the international suite.

This is arithmetic on the observed record, not a forecast, and it can be invalidated immediately by a fourth batch. It is reported because it converts an open-ended reform trajectory into a number that can be compared against the dates in the strategy documents, and because that comparison is not otherwise available. Fig 8 presents the cumulative record against the roadmap with the extrapolation shown separately.

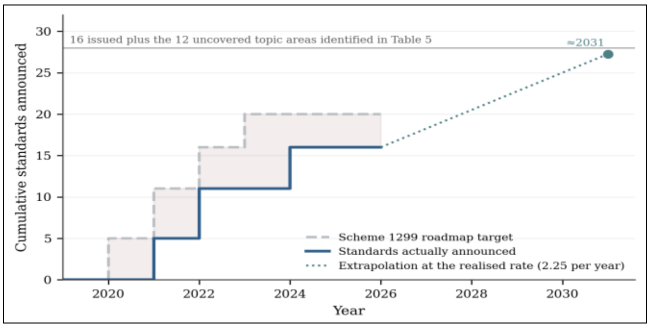

Fig 8: Cumulative standards announced against the roadmap target, with extrapolation at the realised rate

6. Issues arising

6.1 Adopting a moving target

A jurisdiction that models its national standards on international ones acquires an obligation it rarely acknowledges at the outset. The benchmark is maintained by a body that revises it on its own cycle, and a national programme slower than that cycle will find that standards are withdrawn at source before the national counterparts have reached preparers. Vietnam has now encountered this directly on a quarter of its issued suite.

The structural reason is visible in the scheme's own sequencing rule. Standards presenting little divergence were issued first and standards presenting substantial divergence deferred. That ordering is sensible for building capability, but it systematically front-loads the stable parts of the international suite and defers the contested parts, and the contested parts are the ones a standard-setter is most likely to revise. Revenue was under active reconsideration internationally from 2015 and had reached exposure draft stage by February 2020, before the first Vietnamese batch was announced.

The practical question is what a jurisdiction in this position should do, and there is no costless answer. Revising the four affected standards imposes a second round of drafting and dissemination on a programme already behind schedule. Leaving them imposes a permanent divergence on the reform's most economically significant area, and does so in a way that is invisible to preparers because their obligation runs to the circular. What is not defensible is the current position, in which no choice has been announced and the divergence has simply accumulated.

A modest procedural remedy would address much of this. A published policy on maintaining announced standards, specifying how the Ministry monitors international revisions and within what period it will decide whether to revise a Vietnamese counterpart, would convert an unmanaged exposure into a managed one. That such a policy does not exist is itself a finding about the design of the reform.

6.2 Announcement without enactment

The gap between form and substance that the comparative literature identifies in developing-country reforms usually appears at the implementation stage, where standards formally adopted are not applied in practice. The Vietnamese case exhibits a variant located earlier, in the legal channel itself. Standards are announced and addressed to the regulator, and the preparer's obligation arises from the accounting regime.

That design has real advantages. Units work from a chart of accounts, prescribed statements and defined entries, and a consolidated circular delivers those in a form that a district-level accountant can operate. Requiring forty thousand units to apply principles-based standards directly, with no intermediating instrument, would produce inconsistency rather than compliance. The design is a reasonable response to the capability distribution of the sector.

The cost is that the standards become inert unless the circular carries them, and nothing in the published architecture ensures that it does. No instrument requires the circular to be updated within a defined period of a standard being announced, no document maps standards to circular provisions, and no reporting mechanism identifies where the two diverge. The reform's output measure is standards announced; its outcome measure would be circular provisions in force, and that measure is not published.

6.3 Reporting through a reconstituted entity

The public sector accounting literature assumes an entity that persists across reporting periods. Vietnam's 2025 reorganisation suspended that assumption for a large part of the reporting population in the first year of a new accounting regime, and it did so without a national standard governing combinations.

The absence matters more than a list of missing disclosures would suggest. Where two provinces merge, the opening statement of financial position of the successor requires decisions about the carrying amounts of transferred assets, the recognition of liabilities, and the treatment of any difference. Those decisions determine the reported net assets of the successor entity and, through consolidation, of the state as a whole. Made without a standard, they are made by each successor entity on whatever basis it adopts, and comparability across the 34 new provinces cannot be assumed. Abolition of the district tier raises the same question in a form that has no straightforward analogue, since the functions and assets of an entire level of government were redistributed upward and downward simultaneously.

There is a further consequence for the reform's own evidence base. The first year of the new regime is also the year least suitable for assessing whether the regime works, because the entity population changed inside it. Any evaluation of the 2025 statements will have difficulty distinguishing the effects of the new accounting requirements from the effects of the reorganisation, and the counterfactual of an unreorganised 2025 does not exist.

6.4 What this implies for how readiness is measured

The readiness profile in Fig 7 is uneven, and its two weakest dimensions are precisely those that the dominant measurement approach cannot see. Currency of the adopted basis is a property of the relationship between the national and international standard-setters. Entity stability is a property of the machinery of government. An accountant in a public service unit could be fully trained, well equipped and confident, and neither condition would improve.

This suggests that the readiness literature would benefit from separating the two constructions more carefully than it currently does. Surveys of preparers measure absorptive capacity, which is a genuine and necessary condition. They do not measure whether there is anything coherent to absorb. Where a reform is assessed exclusively through the former, a programme can report rising readiness while the conditions that determine whether its output is usable deteriorate, and the Vietnamese record between 2023 and 2026 is consistent with exactly that pattern.

7. Policy implications

Five implications follow, ordered by how directly the evidence supports them.

A maintenance policy for announced standards should be published. The immediate need is a decision on VPSAS 09, 11, 23 and 17, but the durable need is a stated rule: how international revisions are monitored, within what period the Ministry will determine whether a Vietnamese counterpart requires revision, and how that determination is communicated. Without such a rule the exposure identified in Section 5.3 will recur with every future revision cycle, and the affected share of the suite will grow as the suite grows.

A standard on public sector combinations should be prioritised over the remaining sequence. The sequencing logic of the 2019 scheme deferred difficult standards until conditions allowed their differences to be resolved. The 2025 reorganisation inverted that logic for combinations specifically, because the transactions the standard would govern have already occurred. Issuing the standard now would at least govern the residual accounting of a restructuring still working through the accounts, and would prepare the ground for the commune-level consolidation that continues.

The mapping between standards and the accounting regime should be published. A concordance showing, for each announced standard, which provisions of Circular No. 24/2024/TT-BTC give it effect and which of its requirements are not yet carried would make the reform's real output visible for the first time. It would also give preparers, auditors and researchers a basis for identifying divergence, which none of them currently has.

Transition support should be reported as a series rather than asserted. The announcing decisions assign dissemination and training duties, and no national data on coverage or completion have been published. A short annual statement of units trained, by level and by region, would allow the human-capital dimension to be assessed on evidence rather than on the coding of assigned duties, which is all the present study can do.

Finally, the roadmap itself should be restated. The 2019 scheme's horizon expired at the end of 2024 with its target unmet and no successor published. A revised programme naming the remaining standards, their sequence and their dates would restore the accountability the original scheme created, and would allow the kind of schedule assessment performed in Section 5.1 to continue against a live commitment rather than a lapsed one. Table 8 maps each issue to the instrument that addresses it.

Table 7: Accounting consequences of the 2025 administrative reorganisation

Structural change	Accounting question raised	International reference	Vietnamese counterpart
Provincial units reduced from 63 to 34	Opening balances and carrying amounts of assets and liabilities transferred to successor entities	IPSAS 40	none
District tier of government abolished	Redistribution of functions, assets and obligations across two remaining tiers; boundary of the reporting entity	IPSAS 40; IPSAS 34–38	none
Commune-level units reduced by 60–70 per cent	Comparative information for periods during which the reporting entity did not exist in its present form	IPSAS 40; IPSAS 1	VPSAS 01 in part
Consolidation across the new structure	Determination of the consolidation boundary and elimination of intra-government balances	IPSAS 34–38	none
Reallocation of 447,657 provincial staff positions	Recognition and measurement of employee benefit obligations transferred between entities	IPSAS 39	none
Disposal of surplus premises and land	Classification and measurement of assets held for sale	IPSAS 44	none

Notes: Staff figure covers established positions in the 52 provinces subject to merger, comprising 2,321 leadership cadres, 79,118 civil servants and 366,218 public service employees. Source: compiled by the author from Resolution No. 202/2025/QH15, related National Assembly documents and IPSASB pronouncements.

Table 8: Issues identified and corresponding policy instruments

Issue	Evidence in this study	Instrument
A quarter of the suite rests on withdrawn international pronouncements	Table 4; no revision in 40 months	Published maintenance policy for announced standards, with a decision period for international revisions
No standard governs the restructuring already carried out	Table 7; no counterpart to IPSAS 40	Prioritise a standard on public sector combinations ahead of the remaining sequence
Standards have effect only through the accounting regime	Section 5.4; no published concordance	Publish a mapping of standards to provisions of Circular 24/2024/TT-BTC, identifying requirements not yet carried
Human-capital readiness cannot be assessed on evidence	Table 6, dimension D7	Annual publication of training coverage and completion by level and region
The roadmap expired unmet with no successor	Table 2; 27.1 months since the last batch	Restate the programme with the remaining standards, their sequence and dates
Consolidation capacity is untested under the new structure	Table 6, dimension D6	Issue the consolidation standards and report the first consolidated results under the new entity structure

Source: Compiled by the author from the analysis in Sections 5 and 6.

8. Limitations

The study assesses the reform system and not the preparers within it, which is its principal limitation and a deliberate one. It cannot say whether accountants in administrative and public service units are capable of applying the requirements they face, and nothing here should be read as a judgement on their competence. The human-capital dimension is coded from assigned duties and the absence of published outcome data, which is a weak evidentiary basis and is scored accordingly.

The readiness coding is a content analysis performed by the author. The rubric and the evidence are reported in full precisely because the scores are contestable, and a reader who would award D2 a three rather than a two can recompute the index in a line. The composite uses equal weights, which is a choice defended in Section 4.3 rather than an empirical result.

The coverage and currency analyses compare standards at the level of the pronouncement rather than the clause. Whether a given Vietnamese standard faithfully reflects the international standard it names as its basis is a separate question requiring clause-level comparison, and a standard could diverge substantially while appearing in this analysis as fully covered. The currency finding is unaffected by this, since it concerns the status of the named basis rather than the fidelity of the transposition.

Three extensions would address these limits directly. A survey of preparers, designed around the dimensions identified here rather than around perceived preparedness in general, would supply the capability evidence the documentary record cannot. A clause-level comparison of the sixteen announced standards against their bases would establish how much of the international content actually crossed over. And an examination of the 2025 financial statements of merged provinces, once available, would show empirically how successor entities resolved the questions that no standard governs, which is the single most informative evidence the reorganisation will generate.

9. Conclusion

Vietnam has announced sixteen public sector accounting standards, put a consolidated accounting regime into force, and restructured its administrative geography, all within a six-year period. This paper asked whether the conditions for applying those standards are in place, and answered from the public record rather than from perceptions of preparedness.

The composite readiness index stands at 46.4 per cent of its maximum. The legal foundation is substantially complete and an accounting regime is operating. Coverage, enforceability, consolidation capacity and human capital are partially in place with identified gaps. Two dimensions are weak, and both lie outside the reach of the measures usually proposed to improve readiness.

The first is currency. Four of the sixteen standards, a quarter of the suite, rest on international pronouncements superseded in May 2023, and the replacement for three of them took international effect on 1 January 2026. Forty months have passed with no revision announced and no maintenance policy published. Vietnam is holding revenue standards built on a basis the international suite no longer contains.

The second is entity stability. The reorganisation that reduced provincial units from 63 to 34 and abolished the district tier took effect six months into the first year of the new accounting regime, and no Vietnamese standard governs public sector combinations. The successor entities resolved questions of opening balances, transferred assets and comparative information without a common rule, and comparability across the new structure cannot be assumed.

The wider point concerns how readiness is studied. A reform of this kind can be made to look ready by the measure most often applied to it, because preparer confidence responds to training and systems while the conditions examined here do not. Those conditions are recorded in public documents and can be assessed by anyone willing to read them against a stated rubric. Doing so puts the reform's binding constraints where they belong, which is at the level of design rather than of the people asked to implement it.

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