

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

### **Use of Information**

Please refer to the [Disclaimer](#) published on the Compliance Program website.

### **ACTION PLAN**

<b>IFAC Member:</b>	<i>Vietnam Accounting Association (VAA)</i>
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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

## **ACTION PLAN 2017 – 2018**

**NAME OF ORGANIZATION: VIETNAM ASSOCIATION OF ACCOUNTANTS AND AUDITORS (VAA)**  
**APPROVED BY: VAA EXECUTIVE BOARD**

### **Overview**

Vietnamese Association of Accountants and Auditors (VAA) was established by Decision 12/TTg dated 10 January 1994 of the Prime Minister. VAA is a national socio-professional organization which operates in compliance with the law of Vietnam and with the principles of voluntarism, self-control and self-regulation. VAA is sponsored by the Ministry of Finance of Vietnam. Its members are organizations and individual accountants and auditors working in businesses and government bodies in Vietnam. It has gone through five 5-year terms. Until now, VAA has had more than 10,000 members nationwide. It has 29 member bodies including those with high level of professionalism, such as the National Chief Accountants' Club, Vietnam Institute of Chartered Accountants (VICA), Association of Treasury Accountants, Vietnam Association of Certified Public Accountants (which was a member body of VAA from 2005 and withdrew membership from 2014). VAA has a relatively complete structure with full functions, its own Accounting and Auditing Magazine, a Scientific Research, Consultancy and Training Center, and Accounting Practice Oversight Committee.

VAA is a member of the Vietnam Union of Science and Technology Associations (VUSTA), member of the International Federation of Accountants (IFAC) from 1998 and ASEAN Federation of Accountants (AFA). In 2012, VAA allowed its then member VACPA to apply for membership to the Confederation of Asian Pacific Accountants (CACPA).

VAA has built partnership with other professional accountancy organizations and a number of its member bodies have joined or associated with regional professional organizations or multinational accounting and auditing networks. Those professional organizations include: Association of Chartered Certified Accountants (ACCA), CPA Australia, Institute of Chartered Accountants in England and Wales (ICAEW), Chartered Institute of Management Accountants (CIMA), Institute of Management Accountants (IMA), Japanese Institute of Certified Public Accountants (JICPA), etc.

As a national socio-professional organization, during the past 24 years, VAA has been implementing a variety of activities to actively contribute to the socio-economic development of the country, facilitating and engaging in building the components of the market economy in Vietnam, and actively integrating with the accounting and auditing profession of other countries in the world and firstly the countries in Asia.

VAA has been highly appreciated and acknowledged by VUSTA and the Ministry of Finance for its operation and contribution to the development of the accounting and auditing profession in Vietnam.

*It was presented with:*

(2009) 2<sup>nd</sup> grade labour medal (2014) and 3<sup>rd</sup> grade labour medal (2009) by the President

Certificate of Merit by the Prime Minister (2005)

A number of certificates of merit, emulation flags and appreciated by VUSTA as an active and effective organization (2011-2016)

A number of certificates of merit by the Ministry of Finance, Ministry of Justice and State Audit of Vietnam

The performance and contribution of VAA and its member bodies can be assessed as follows:

VAA has contributed to raising social awareness of the accounting and auditing profession in the market economy and integration context.

The accounting and auditing profession of Vietnam has contributed to enhancing the quality of economic and financial information, to the transparency of business activities and the health and transparency of public finance.

Scientific consultancy and criticism of legal policies and economic-financial policies of the government have been very effective and efficient. VAA has participated in a number of projects on economic laws and financial, accounting, auditing and tax policies. It successfully chaired and defended 10 scientific research projects at ministerial level and organized hundreds of scientific workshops on accounting and auditing.

Having been assigned a number of functions of accounting and auditing regulation, since 2007, VAA has registered accounting practice and monitored accounting and auditing practitioners. The Accounting Practice Oversight Committee has been performing well the management, control and guidance functions. VICA has become an organization with a high level of professionalism.

In terms of training and professional development, capacity strengthening and skill development for its members and financial, accounting and auditing professionals, VAA has been performing these activities relatively well and approaching the accounting and auditing training programs in the region and the world, actively preparing for the process of creating a shared training program and mutual recognition of practice certificates among ASEAN countries. Communication and promotion of the profession has been regularly maintained and strengthened. Thousands of copies of the Accounting and Auditing Magazine are issued every month. The magazine is a professional forum, a spiritual food for the accountants and auditors in Vietnam.

External affairs and international relations have been dynamic, flexible and effective. VAA has been described by VUSTA as a strong and efficient association. VAA fulfilled the role and responsibilities as AFA President in the term of 2004-2005 and successfully organized two international accounting conferences in Vietnam in 1997 and 2005. VAA has been an active member of AFA's Executive Board and hosted a number of international and regional professional workshops. VAA is having its members participate in two committees of AFA: International Financial Reporting Standards (IFRS) Committee and Member Capacity Building

In the coming years, VAA is facing with many challenges when 2015 accounting law comes into effect and changes made by Ministry of Finance (MOF). It includes:

According to 2015 Accounting Law, MOF will be responsible to manage/control the activities in terms of registering and monitoring Certificate of Certified Practical Accountants. Those activities are managed by VAA in the past.

MOF plans to transfer the activities in terms of organising exams and granting Certificate of Certified Practical Accountants to VAA in 2018.

In Vietnam, many accountants work freely in the market without following any laws. Many accounting agent/organisations or accountants are not yet registered to MOF.

In the action plan of VAA in the period of 2017 - 2020, VAA priorities to implement:

- Improve the quality of Vietnam Association of Chartered Accountant (VICA)
- Strengthen the training for professional accountants including primary training and continued professional development in order to improve the knowledge and capability for members.
- Work and cooperate with MOF to oversight/control the quality in accounting and auditing services. Manage and monitor the register and maintain the professional accountants certification.
- Oversight professional ethics for professional accountants.
- Develop training materials and training program for professional accounting certification managed by Vietnam Association of Chartered Accountant (VICA) with the supports of ICAEW.

This 2017 – 2018 Action Plan is built by VAA based on:

- Accounting Law which is approved in 2015 by 13<sup>th</sup> National Assembly and comes into effect in 2017
- Vietnam accounting and auditing development strategy for period 2016 – 2020 and Vision 2030 which were approved by Prime Minister.
- Vietnam Association of Accountants and Auditors Resolutions Term 5 in the period of 2014 - 2019 and action plan of VAA in the period of 2015 - 2020

## **SMO1: IMPLEMENTING QUALITY ASSURANCE PROGRAM**

### **Objective:**

Closely control and assure the quality and efficiency of accounting and auditing services in Vietnam in accordance with law and national and international accounting and auditing standards to ensure that accounting and auditing activities in Vietnam fully comply with the laws of Vietnam and professional standards, thereby providing a basis for the convergence of Vietnamese and international standards..

### **Overview:**

Quality Assurance system (QA) was promulgated in 2007 according to the Decision 32/2007/QD-BTC dated 15 May 2007. The Quality Assurance system was built based on the Accounting Law No. 03/2003/QH11 dated 17 Jun 2003. The quality assurance system has come into effects in 2007 and under law, QA reviews are mandatory in Vietnam for all audit works. Ministry of Finance is responsible to conduct QA reviews for all accounting and auditing services in Vietnam. VAA is responsible to conduct QA reviews for organizations and professional accountants who are member of VAA only.

In 2005, MOF transferred the responsibility to manage and register audit practitioners to professional associations under the Decion 47/2005/QD-BTC. VAA implemented from 2007 to 2016. And in 2017 MOF took over the role back.

In 2007, VAA established the Accounting Practice Oversight Committee directly under its central office. This committee is responsible for registering accounting practitioners, monitoring and inspecting accounting firms and individual accounting practitioners. In its operation process, it has been supported by companies, universities and MOF.

VAA play the main role to conduct QA reviews to organizations and individuals who are VAA's members. There are two kinds of QA review method: "Soft" QA reviews and "hard" QA Reviews.

"Soft" QA reviews: Based on the regulations on QA review system of MOF, all accounting services organizations must submit an annual report (in the template designed by VAA) on how they follow and implement QA review system. Then VAA will review the reports and find if any organizations fail to meet the QA review system. VAA will have appropriate actions to those organizations in order they can fix the problem. Besides the annual report, when an incident happens, the organization must report immediately to VAA about the issue. Annually, VAA will send a summary report to MOF about how organizations to implement the QA review system.

"Hard QA reviews: "Hard" QA reviews means VAA conducts QA reviews in organizations. VAA will form a QA review group which includes people from VAA and representatives from MOF. VAA conducts around 10 QA reviews per year and make sure that an organization will be reviewed QA once every 3

years at least. The QA review group will visit organizations and review all documents and process. A QA review report will be issued and signed by 3 parties: organization and VAA. VAA then will make report and submit to MOF.

If any organizations/individuals fail or break the QA review system, VAA will investigate, get the evidence then report to MOF. VAA also provides solution to solve this issue to MOF. MOF will make decision to panelty the organizations.

In 2007, VAA works in partnership with the State Securities Commission (SSC) to review and publish on an annual basis lists of audit firms eligible to audit financial statements of listed companies. Together with SSC, VAA join as a member of Evaluation Committee to check and evaluate the annual financial report of public listed companies.

While VACPA is not a member association of VAA now, members of VAA include not only accountants but also internal auditors and state auditors. Members of VACPA are external/independent auditors. Therefore, VAA is charged with assembling members, providing guidance and quality assurance of not only accountants but also internal auditors and state auditors. Some external/independent auditors are members of VAA.

VAA has been conducting quality assurance on its own members, through the development and issuance of practice process, direct or indirect reviews at companies. From 2007 to 2016, VAA directly conducted quality reviews of a number of companies with the participation of the Accounting and Auditing Policies Department, MOF. As of 2017, VAA has participated in quality review with the Accounting and Auditing Regulation and Supervision Department. VAA is responsible for providing guidance and monitoring members in complying with the regulations of the MOF.

The quality assurance regulations enforced by the MOF are mandatory for accountants, auditors and companies. VAA is responsible for providing guidance and monitor the compliance of its members.

Vietnam Association of Accountants and Auditors (VAA) and its member bodies, including Vietnam Association of Chartered Accountants (VICA), Chief Accountants' Club, Association of Treasury Accountants, Vietnam Association of Certified Public Accountants (which withdrew membership from April 2015) and Vietnam Tax Consultants' Association (independent from VAA), etc. have the following rights and responsibilities:

- Assemble accountants, auditors and tax professionals nationwide
- Provide consultancy, comments and debates to MOF to develop the accounting and auditing profession in Vietnam
- Register accounting and auditing practitioners
- Manage accounting and auditing practice, conduct quality assurance review
- Organize training and professional development for members
- Provide training for and certify chief accountants

- Monitor professional ethics of accountants and auditors
- Nominate member bodies and individual members who have outstanding professional achievements for reward by higher level organizations (i.e. Vietnam Union of Science and Technology Association, Ministry of Finance).
- Reward exemplary chief accountants, accounting practitioners and accounting firms.

Start date	Actions	Completion date	Responsibility	Resource
2006	<p>The quality assurance review program was promulgated by the Ministry of Finance (MOF). MOF presided the drafting, enforcement and review of regulations. The Accounting and Auditing Policies Department of MOF played the role of the regulator of accounting and independent auditing activities. VAA plays a role to make consultation, comments and debate to MOF about QA review program. After the QA review system was promulgated by MOF, VAA issued documents and conduct a training to inform and guide the members to implement the QA review system. VAA also established a QA Review Committee to monitor and control the QA. VAA conducts QA reviews every year to organisations, individuals who are members of VAA.</p> <p>VAA is responsible for guiding its members to comply with the quality assurance regulations of the MOF and reporting to the MOF on the compliance of members on a periodical basis.</p>	2007	MOF	MOF
2007	<p>VAA established the Accounting Practice Oversight Committee directly under its central office. This committee is responsible for registering accounting practitioners, monitoring and inspecting accounting firms and individual accounting practitioners. In its operation process, it has been supported by companies, universities and MOF. VAA and VACPA operate separately and have different responsibilities.</p>	Completed 2007 and operated till 2016. Still maintain the committee but change the responsibility	VAA	2 dedicated staff

Start date	Actions	Completion date	Responsibility	Resource
		to oversight quality of ethics and practicing		
2009	Work with the Minister of Finance on the areas of collaboration to monitor accounting and auditing practice, provide training and development and certify accountants.	Completed	VAA	VAA, Accounting and Auditing Policies Department, MOF
2010	Accounting Services Regulation was promulgated and implemented in 2010 and it has no changes or updates since then. VAA has been implementing this regulation since then to monitor the accounting services of all accounting firms and accounting practitioners.	Ongoing	VAA	VAA, experts and accounting practitioners
2012	The Independent Audit Law was approved by the National Assembly of Vietnam. There is no updated or changes until now.	2012	MOF	MOF, VAA, VACPA engaged in lawdrafting
2014	In accordance with the Independent Audit Law, MOF directly regulates the registration of audit practice and provision of independent audit services	From 2014 - present	MOF	MOF
2012	Vietnam Association of Chartered Accountants (VICA) was established by VAA under the approval of MOF and Ministry of Internal Affairs. VICA is one of members of VAA. All accounting practitioners and auditing practitioners can	Established and is operating	VAA	VAA, accounting practitioners, accounting firms

Start date	Actions	Completion date	Responsibility	Resource
	<p>register voluntarily to be member of VICA. Currently, VICA has around 150 members.</p> <p>VICA works with the aims of assembling individual accounting practitioners and accounting firms in Vietnam; maintain and develop the accounting profession, preserve professional ethics, improve accountants' competencies, enhance the quality of services provided to society in order to contribute to increasing transparency, truth and fairness of economic and financial information and at the same time strengthen its capacity to become a professional organization of accounting practitioners in the future. VICA has been operating and developing to contribute to the development of the accountancy profession in Vietnam</p>			
2013	<p>Develop and promulgate a decision on regulation of grading the quality of accounting services, which provides a system for assessing quality by giving scores. This regulation was applied for quality assurance reviews in 2014-2015 and was assessed as effective. In 2015, the regulation was supplemented with relevant provisions for assessment of consultancy and review engagements and continuing professional development, and aimed to be applied in 2016 and subsequent years.</p>	Published in 2013	VAA & VICA	VAA, MOF, accounting practitioners and accounting firms
2013	<p>MOF started to revise the Accounting Law 2003. The revised law was approved by the National Assembly of Vietnam at the end of 2015 to apply for subsequent years</p> <p>During the revise process, VAA was requested to contribute consultancy, dabate and comment in the revised accounting law.</p>	Completed on 20 Oct 2015 and applicable from 2017	MOF	MOF; VAA: Members of the standard setting committee, critics and reviewers of the government.

Start date	Actions	Completion date	Responsibility	Resource
22/12/2014	Circular 200/2014/TT-BTC dated 22 December 2014 guiding accounting policies for enterprises. QA system is built based on this Circular.	2015	MOF	MOF, VAA, members of the standard setting committee, critics and reviewers
20/8/2016	Circular 133/2016/TT-BTC dated 20 August 2016 of MOF guiding accounting policies for small and medium enterprises. QA system is built based on this Circular.	2017	MOF	MOF, VAA, members of the standard setting committee, critics and reviewers
20/11/2015	Accounting Law was promulgated. In the Accounting Law 2015, there is a separate additional chapter regulated on accounting practitioner services in which the responsibilities and duties of VAA was mentioned clearly.	Applicable from 2017		

***Self-Assessment against the Main Requirements of SMO 1***

This is a requirement for quality assurance in the provision of accounting and auditing services in accordance with the regulations of the MOF for companies.

Requirements	Y	N	Partially	Comments
Scope of the system At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			Decision 32/2007/QĐ – BTC dated 15 May 2007 on “Quality control of accounting and auditing services regulation (the part on audit regulation has been replaced by Circular 157/2014/TT – BTC) Vietnam Standard on Quality Control11 - Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements(Circular 214/2012/TT – BTC dated 6 December 2012) and Circular 157/2014/TT – BCT dated 23 October 2014 set out requirements on quality control of auditing services
Quality Control Standards and Other Quality Control Guidance Firms are required to implement a system of quality control in accordance with the quality control standards.	X			
Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	X			
Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.			X	VAA communicates these objectives to accounting firms on an annual basis
Review cycle A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	X			Review cycle of 3, 4 or 5 years and risk-based review (Article 13 of Circular 157 and Article 5 of Decision 32)
For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	X			Every year MOF together with VAA will form a team to conduct quality monitoring visit to accounting firms with cycle-based review once every 3 year for one firm. Until now there are around 100 accounting firms were reviewed quality control.

Requirements	Y	N	Partially	Comments
QA Review Team Independence of the QA Team is assessed and documented.	X			The QA team's members are MOF's officers and VACPA's staff. Every member has to sign an independence commitment before conducting the visit.
QA Team possesses appropriate levels of expertise.	X			QA team is chosen and decided by MOF
Reporting Documentation of evidence supporting the quality control review report is required.	X			
A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	X			
Corrective and disciplinary actions Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	X			
QA review system is linked to the Investigation and Discipline system.	X			
Consideration of Public Oversight The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	X			
Regular review of implementation and effectiveness Regular reviews of implementation and effectiveness of the system are performed.	X			

## **SMO2 - INTERNATIONAL EDUCATION STANDARDS**

VAA is developing a professional accountant qualification for Vietnam and will promote to the MOF to develop education standards for Vietnam.

### **Objective:**

Qualifications of Vietnamese accountants and auditors are recognized in the region and worldwide.

### **Overview:**

Vietnam has not issued any education standards in general and in accounting and auditing in particular. However, Vietnam has education & training regulations which are issued by Ministry of Education and Training (MOET) and all the recognized-training programs at universities, colleges, schools, etc... must follow these regulations. Other professional education & training regulations such as accounting & auditing education and training regulations will be issued by Ministry of Finance based on the MOET education and training regulations.

Since 1994, MOF has published training, professional development and assessment programs for accountants and auditors and had a number of requirements on examinations and certification of auditors in line with International Education Standards and specific to the regulatory framework of Vietnam. Vietnam has also put in place a training, assessment and certification program for chief accountants.

In Vietnam, MOF has the rights and responsibilities to issue regulations on continuing professional development (CPD) of all accountants and auditors. VAA does not have such rights. MOF had issued CPD regulations, requiring holders of auditor's certificates and accounting practitioner's certificates to complete at least 40 hours of CPD per year. In 2016, MOF issued a regulation requiring accountants to complete 20 hours of CPD on accounting and tax policies and professional ethics out of 40 CPD hours. CPD requirements are only applicable to holders of auditor's certificates and accounting practitioner's certificates and not for all VAA members.

In Vietnam, Ministry of Finance and relevant PAOs are responsible for IPD and CPD and we consider that IPD is often preparation courses for accounting and auditing practitioners exams and CPD are courses and training programs including 40 hours a year mandatory requirement for all certified members. Since 1996, a CPA exam for accountants covers 4 subjects (Economic Law, Corporate Finance, Accounting and Tax) and for auditors covers 6 subjects (Economic Law, Corporate Finance, Accounting, Auditing, Tax, and Financial Analysis) and foreign languages as a conditional subject (Exam sitters are entitled to choose one among 4 foreign languages: English, French, Russian and Chinese). These subjects learnt from international standard with modification. The requirements of subjects and 40 hours a year updating knowledge and information are regulated by Circular 292/2016/TT-BTC dated 15 November 2016 provides guidance on annual CPD for accounting practitioners and individuals who register to provide accounting services and 150/2012/TT-BTC in 2012 for auditors. VAA has also

signed with many international organizations such as ACCA, ICAEW, CPA Australia, CIMA, IMA... for implementation the seminar and training courses. These programs trained VAA and its members about international standards that are counted in 40 hours a year requirement.

VAA is responsible for monitoring its members who have an auditor or accountant's certificate and register for accounting and auditing practice, and organizing CPD courses for them to ensure CPD requirements are met. Inspection and monitoring is undertaken in a number of ways: face to face, on the job, review of documentation, face to face training courses for members who have an auditor's certificate or accounting practitioner's certificate. CPD of 40 hours a year is a mandatory requirement for all certified members and CPD courses are delivered by VAA and its member bodies.

The Accounting Law 2015 requires an accounting practitioner must meet the following standards:

- Maintain professional ethics, honesty and integrity, and abide by law
- University graduates (or post-graduates) specialized in finance, accounting, auditing or others in accordance with regulations of MOF
- Have at least 36 months of practical experience in finance, accounting or auditing
- Pass the CPA exam and be awarded with a CPA certificate by MOF
- Complete 40 hours of CPD per year

According to the Accounting Law 2015, VAA has responsible and power to organize training courses and upgrading for accounts. The types of training courses that VAA has implemented are:

- Training for certificate: Chief accountant, internal auditor, management accounting...
- Professional training example tax, knowledge upgrading for practical certified accountants.
- Guide and train for accountant, chief accountant, auditor and CFO.
- Guide and train for exam taker for Vietnamese CPA.
- Organize academy seminar and workshop to share and transfer information about new policies on finance, accounting and auditing. Workshop on taking ideas about law and regulations draft also implemented by VAA.

VAA has the rights and obligations to directly engage in formulating training and development programs but is not entitled to promulgate education regulations. On the basis of education regulations (on accounting and auditing) promulgated by the Government and Ministry of Finance, VAA organizes training courses and certifies chief accountants, opens courses of preparation for accounting and auditing practitioners exams, and offers short-term training and CPD courses for members and accounting practitioners.

VAA has signed MOUs with professional bodies including ACCA, ICAEW, CPA Australia, CIMA and IMA:

- With ACCA: VAA signed an MOU with ACCA in 2005 and is preparing for a renewal for the 2017-2020 period.

- With ICAEW: VAA signed and MOU with ICAEW on 28 October 2014 for the 2014-2017 period and is preparing for a renewal in June 2017 for the 2017-2020 period.
- With CPA Australia: VAA signed an MOU with CPA Australia in 2015 for the 2015-2020 period.
- With CIMA: VAA signed and MOU with CIMA on 18 June 2015 for the 2015-2020 period
- With IMA: VAA signed an MOU with IMA on 15 April 2017 for the 2017-2020 period.

Action Plan for 2016-2020:

- To build the training programs issuing the international certificate such as ACCA, ICAEW and CPA Australia.
- To build the training regulation for chief accountant, internal auditor, management accounting.
- To implement the training courses and knowledge upgrading.

According to the Vietnam Accounting Law in 2003, The Ministry of Finance of Vietnam has the authority to issue standards. MoF delegates to VAA to be responsible for:

- Appoint members to the standard-setting committee
- Collect members' feedback on exposure drafts
- Review draft accounting standards and guidance documents before publication by MOF.
- Provide guidance to members and monitor compliance.

All training, assessment and certification programs are in accordance with state regulations (of the Government and MOF).

Start date	Actions	Completion date	Responsibility	Resource
<b><i>IES 7 – CPD (Continuing Professional Development)</i></b>				
1988	Training, assessment and certification of chief accountants of businesses and economic organizations	Ongoing	MOF VAA	MOF, universities of economics and VAA
	Training programs and contents, and assessment and certification regulations were revised every 3 or 5 years. In 2010, training contents and assessment	2010		

Start date	Actions	Completion date	Responsibility	Resource
	<p>methods were significantly revised. In February 2011, the Prime Minister issued a decree providing regulations on CPA VN exams.</p> <p>In 2012, MOF promulgated a circular on assessment and certification of accountants and auditors.</p>	2012		
<b><i>IES 5 –INITIAL PROFESSIONAL DEVELOPMENT – PRACTICAL EXPERIENCE</i></b>				
From 1992	In Vietnam, there are requirements of practical experience for those who wish to sit Certified Public Accountants (CPA) exams, which require exam sitters to have at least five years of practical experience. Practical experience must be confirmed by their employers and such confirmation be included in the application for sitting CPA exams. This practical experience requirement was set based on the Vietnam situation and learning experience from other countries in region.	Ongoing	MOF	Accounting and Auditing Policies Department of MOF
From 2012-2015	The 2012 Independent Audit Law – applicable for auditors and 2015 Accounting Law – applicable for accountants require CPA examinees to have 36 months of practical experience in accounting or auditing. This requirement is in line with IES.	Effective from Jan 2017	MOF	Accounting and Auditing Policies Department of MOF
<b><i>IES 6 ASSESSMENT OF PROFESSIONAL COMPETENCE</i></b>				
From 1992	In Vietnam, those who wish to become Certified Public Accountants must sit and pass an examination. This practice has proved compliance with international education standards. Exams have been organized and certificates issued by MOF. VAA is not entitled to organize exams and certify CPAs but is a member of the Examination Council (as Vice Chairman), participates in organizing exams and marking exam papers. <u>VAA is making a request to MOF to transfer this function</u>	Ongoing	MOF VAA  MOF	Accounting and Auditing Policies Department of MOF and VAA

Start date	Actions	Completion date	Responsibility	Resource
	<p><u>to VAA in the future, starting from 2017 with a specific roadmap for each segment of work.</u></p> <p>A CPA exam for accountants covers 4 subjects (Economic Law, Corporate Finance, Accounting and Tax) and for auditors covers 6 subjects (Economic Law, Corporate Finance, Accounting, Auditing, Tax, and Financial Analysis) and foreign languages as a conditional subject (Exam sitters are entitled to choose one among 4 foreign languages: English, French, Russian and Chinese). Individuals who have an auditor's certificate are members of VACPA, and accounting practitioner's certificate are members of VICA (a member body of VAA)</p>		VAA and its member bodies	MOF, VAA and its member bodies
2016	Circular 292/2016/TT-BTC dated 15 November 2016 provides guidance on annual CPD for accounting practitioners and individuals who register to provide accounting services	01/01/2017	MOF	MOF, VAA, members of the standard setting committee, critics and reviewers
2016	Circular 297/2016/TT-BTC dated 15 November 2016 provide guidance on issuance, use and management of certificates of eligibility to provide accounting services	01/01/2017	MOF	MOF, VAA, members of the standard setting committee, critics and reviewers
2015	<p>VAA has requested MoF to delegate a number of professional management functions including organize training and exams to certify accountants, draft accounting standards but has not yet approved.</p> <p>The MOF plans to start this initiative from 2019. VAA will participate in drafting a number of accounting standards for Vietnam.</p>	Has not yet approved by MoF	MOF VAA	MOF VAA

Start date	Actions	Completion date	Responsibility	Resource
2016	Provide training, organize exams and issue certificates of completion of interal auditor training programs	Ongoing	VAA	VAA
2017	Manage registration of accounting practitioners and issue certificates of registration of accounting practice and certificates of eligibility to provide accounting services	2017	MOF	MOF

**Training activities for accounting practitioners and VAA members, and accountants in business**

No	Start date	Actions	Completion date	Responsibility	Resource
1	2017	Common frauds and errors in preparation of financial statements	Quarter I/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations

No	Start date	Actions	Completion date	Responsibility	Resource
2	2017	Guidance on tax finalization in 2016 and prevention of common errors in adoption of tax policies	Quarter I/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
3	2017	(1) Modern management accounting approaches (2) Activity based cost accounting method	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
4	2017	(1) Accounting Law and guidance documents (2) Code of Ethics for Professional Accountants	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
5	2017	Difficulties in implementing Circular 133/2016/TT-BTC	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations

No	Start date	Actions	Completion date	Responsibility	Resource
6	2017	Accounting Law and relevant guidance documents	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
7	2017	Discussion of opportunitites and threats in adoption of IFRS in Vietnam	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
8	2017	Update Code of Ethics for Professional Accountants	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
9	2017	Draft a decree on anti price transfer and loss of budget revenue	Quarter II/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations

No	Start date	Actions	Completion date	Responsibility	Resource
10	2017	Discussion of internal audit	Quarter III/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
11	2017	Update tax documents published in Quarters I and II of 2017	Quarter III/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
12	2017	Management of trade receivables	Quarter IV/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
13	2017	Training in preparation for accounting practitioner's exams.	Quarter II – III/2017	VAA, VICA	VAA, VICA and their members, accounting practitioners and accountants in organizations
14	2016	20 training course on corporate governance	31 Dec 2016	VAA	VAA, course participants
15	2016	5 courses on business start-up	30 Dec 2016	VAA	VAA, course participants

## **SMO3 - PUBLICATION AND ADOPTION OF VIETNAMESE AUDITING STANDARDS**

### **Objective:**

In the process of international integration and joining WTO, the Government of Vietnam has undertaken to reform the Vietnamese accounting system which includes developing a complete set of accounting standards in line with international accounting practices.

This is an objective of VAA to support the adoption and implementation of auditing standards

### **Overview:**

There are two systems of auditing standards in Vietnam: (1) State auditing standards adopted by the State Audit of Vietnam (SAV), comprising 39 auditing standards which were developed based on the standards and guidance of INTOSAI; (2) Vietnamese Standards on Auditing adopted by the Ministry of Finance (MOF), comprising 36 auditing standards. VAA is a member of both standard setting bodies established by SAV and MOF. VAA assists the MOF and SAV in the setting, adoption and enforcement of auditing standards by:

- Directly developing a number of contents of auditing standards
- Organizing workshops to introduce the draft standards to members and collecting members' comments on a draft standard so as to make recommendations to the MOF and SAV before official adoption of the standard.
- Disseminating and promoting auditing standards on the Accounting and Auditing Magazine – the official organ of VAA. Organizing training courses for members and incorporating these standards in the annual training programs for members.

From 2000 to 2006, MOF published 26 Vietnamese Accounting Standards (VASs) and 39 Vietnamese Standards on Auditing (VSAs) based on international accounting and auditing standards. VASs have been developed on the basis of the latest IASs and IFRSs. VASs are relatively complete and converge with international accounting standards. VASs are substantially relevant to IASs and IFRSs not only in terms of contents, bases of measurement and recognition, and presentation of financial statements but also format of presentation. Up to 2015, MOF had revised and re-published 40 VSAs and Code of Ethics for Professional Accountants, including 37 VSAs published in 2012 and applicable from 2014 and 3 VSAs in 2015 (including VSA 1000 – ‘Audits of final accounts of finished investment projects’ which is a standard specifically designed for Vietnam) and Code of Ethics for Professional Accountants. The revised VSAs were based on the latest ISAs updated to 2015. Every VAS and VSA has been translated into English to help foreign investors and other countries in the region and around the world understand and easily apply Vietnamese accounting standards system.

VAA has been involved in this process by ways of participating in standard setting committees, organizing workshops and seminars on accounting and auditing standards, publishing documents to guide members of how to apply standards, etc.

VAA has some resources of leading experts to engage with MOF in the standard setting process but need to invest more. VAA has offered critical opinions and advice to MOF and MOF has also given VAA the mission of presiding the drafting of an accounting standard (IAS 17)

**Main actions of VAA:**

- Involve in discussions to finalize a standard before announcement
- Provide guidance and organize training courses on auditing standards
- Address inquiries of members in the process of implementation
- Inspect and review members in adoption of auditing standards

MOF has also entrusted VACPA (which was a member of VAA) with the task of directly revise VSAs. Vietnam Independent Audit Law No. 67 of 2011 regulates the principles, conditions, scope, and form of independent audit activities and authorizes the Ministry of Finance (MoF) to set Vietnamese Standards on Auditing (VSA) that are based on international standards. In its turn, the MoF delegates the responsibility to VACPA under Decision No. 1053/QD-BTC to develop VSA in line with ISA, although the MoF retains its right to approve and promulgate auditing standards in Vietnam.

Prior to 2008, the MoF had issued 37 VSA for Professional accountants in line with standards issued by the International Auditing and Assurance Standards Board (IAASB). The MoF Circular No. 214 of 2012 approved the 37 new VSA (including VSQC 1) developed by VACPA, and gives authority to VACPA to disseminate and enforce the new VSA. These standards apply to all firms in Vietnam.

VACPA reports that the current version of VSA is based on the 2009 version of ISA, with modifications; *however, the extent of modifications is not clear.*

Start date	Actions	Completion date	Responsibility	Resource
	<p>VAA is planning to develop a new SMO Action Plan for 2019-2020. According to the plan of the MOF for the adoption of IFRS in Vietnam, VAA will carry out the following tasks:</p> <ul style="list-style-type: none"> <li>- Explore IFRS, deliver training on IFRS for members</li> <li>- Promote to the MOF the adoption of IFRS in Vietnam</li> <li>- Draft a number of VFRSs and submit them to the MOF for enforcement in 2022-2025</li> <li>- Promote to the MOF the adoption of the latest IESBA Code of Ethics and incorporation of the Code of Ethics in university training programs.</li> </ul>			
<b>Vietnamese Standards on Auditing (VSAs)</b>				
06/12/2012	<p>Publish 37 VSAs:</p> <ol style="list-style-type: none"> <li>1. Vietnam Standard on Quality Control1 - Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements (VSQC1).</li> <li>2. VSA 200 - Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Vietnamese Standards on Auditing.</li> <li>3. VSA 210- Agreeing the Terms of Audit Engagements.</li> <li>4. VSA 220- Quality Control for an Audit of Financial Statements.</li> <li>5. VSA 230 - Audit Documentation.</li> </ol>	Applicable from 1 January 2014	MOF	MOF

Start date	Actions	Completion date	Responsibility	Resource
	<ul style="list-style-type: none"> <li>6. VSA 240- The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.</li> <li>7. VSA 250 - Consideration of Laws and Regulations in an Audit of Financial Statements.</li> <li>8. VSA 260 - Communication with Those Charged with Governance.</li> <li>9. VSA 265- Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.</li> <li>10. VSA 300- Planning an Audit of Financial Statements .</li> <li>11. VSA 315 - Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment.</li> <li>12. VSA 320- Materiality in Planning and Performing an Audit.</li> <li>13. VSA 330 - The Auditor's Responses to Assessed Risks.</li> <li>14. VSA 402- Audit Considerations Relating to an Entity Using a Service Organization.</li> <li>15. VSA 450 - Evaluation of Misstatements Identified during the Audit .</li> <li>16. VSA 500 - Audit Evidence.</li> <li>17. VSA 501 - Audit Evidence-Specific Considerations for Selected Items.</li> <li>18. VSA 505- External Confirmations.</li> <li>19. VSA 510- Initial Audit Engagements-Opening Balances.</li> <li>20. VSA 520- Analytical Procedures.</li> <li>21. VSA 530 - Audit Sampling.</li> <li>22. VSA 540 - Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures.</li> <li>23. VSA 550 - Related Parties.</li> <li>24. VSA 560 - Subsequent Events.</li> <li>25. VSA 570 - Going Concern.</li> <li>26. VSA 580 - Written Representations.</li> </ul>			

Start date	Actions	Completion date	Responsibility	Resource
	27. VSA 600 - Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors). 28. VSA 610 - Using the Work of Internal Auditors. 29. VSA 620 - Using the Work of an Auditor's Expert. 30. VSA 700 - Forming an Opinion and Reporting on Financial Statements. 31. VSA 705 - Modifications to the Opinion in the Independent Auditor's Report. 32. VSA 706 - Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report. 33. VSA 710 - Comparative Information-Corresponding Figures and Comparative Financial Statements. 34. VSA 720 - The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. 35. VSA 800 - Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks. 36. VSA 805 - Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. 37. VSA 810- Engagements to Report on Summary Financial Statements.			
8/5/2015	VSA 1000 – Audits of final accounts of finished investment projects	Applicable from 1 July 2015		

Start date	Actions	Completion date	Responsibility	Resource
8/5/2015	Publish 2 VSRSs (VSAS - Vietnam Standard on Related Services): <ul style="list-style-type: none"> <li>- VSRS4400 - Engagements to Perform Agreed-upon Procedures Regarding Financial Information.</li> <li>- VSRS4410 - Engagements to Compile Financial Statements</li> </ul>	Applicable from 1 January 2016	MOF	MOF, VACPA and audit firms
8/5/2015	Vietnamese Framework for Assurance Engagements	Applicable from 1 Jan 2016	MOF	MOF, VACPA and audit firms

#### **SMO4: CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS**

**Objective:** Improve the quality of members who are not only professionally competent but also meet ethical requirements, aiming at meeting international standards

**Overview:**

Vietnam has enforced the current IFAC Code of Ethics and we have been complying with the requirements in the Code; The law of Vietnam regulates the qualifications of accountants and auditors, their responsibilities, ethical requirements and prohibited acts. The Code of Ethics for Professional Accountants of Vietnam is developed based on the ethical foundation of Vietnamese people, including professional ethics, ethics of in-service state auditors, code of conduct of Vietnamese people, Code of Ethics of IESBA and Code of Conduct of INTOSAI. VAA provides support to its members in implementation of accounting and auditing standards, and monitors the compliance with standards of its members.

Code of Ethics Committee under VAA was established in 2014 to monitor the execution of ethical requirements.

Start date	Activity	Completion date	Responsibility	Resource
<i>Vietnamese Code of Ethics for Professional Accountants</i>				
21/11/2008	VAA issued documents guiding implementation of Vietnamese Code of Ethics for Professional Accountants. VAA uses the Code of Ethics for Professional Accountants adopted by the MOF and at the same time has guidance documents for members to implement the Code. VAA has issued the code of professional conduct for its members on the basis of the the Code of Ethics for Professional Accountants adopted by the MOF.	Continued	VAA	VAA
2009	Develop the regulation of monitoring professional ethics, applicable from 2011	2010	VAA	VAA
2010	Publish the regulation of penalties for administrative offences in accounting and auditing activities, applicable from 2011. This was a by-law document to put accounting activities and accounting services in order.	2010	Government	Government
2010	Develop the regulation of rewarding chief accountants. The objective of this regulation is to encourage and motivate accountants to strengthen capacity and improve professional qualities. VAA has applied this regulation since 2010 and continued to extend the scope of application since 2011.	2011	VAA	VAA
2011	Promote the accountancy profession. Make request to the government to award titles and VAA to present titles Develop the regulation of reward and discipline in accounting and auditing activities	Implemented and ongoing	VAA	VAA and its member bodies

Start date	Activity	Completion date	Responsibility	Resource
2013	<p>The Government of Vietnam promulgated a decree on penalties for administrative offences by accountants and auditors</p> <p>We will add the actions that VAA should do to support the adoption and implementation of the Code of Ethics in Vietnam, for example providing guidance and training on ethical requirements, and having a system in place to review the compliance of members. The Accounting Practice Oversight Committee of VAA has been reorganized and renamed to Member Advisory and Support Committee and has started operation from 2018.</p>	Applicable from 2014	MOF	MOF
2014	Establish Code of Ethics committee to monitor the execution of ethical requirements	2014	VAA	VAA and accounting firms
2015	<p>Develop the regulation of rewarding accounting practitioners and accounting firms</p> <p>The objective of this regulation is to encourage and motivate accounting practitioners who are VICA members to strengthen capacity and improve professional qualities. VAA has applied this regulation since 2016 and will continue to expand its scope of application from 2017.</p>	2015	VAA	VAA
2015	In 2015, MOF issued the new Code of Ethics for Professional Accountants based on the 2014 version of IFAC Code.	Applicable from 2016	MOF	MOF, VACPA and audit firms

Start date	Activity	Completion date	Responsibility	Resource
2015	Publish Code of Ethics for Professional Accountants based on IFAC's standards  Publish the regulation of rewarding individual accounting practitioners and accounting firms	Completed 8 May 2015 2015	MOF  VAA	MOF, VAA, and VACPA  VAA, MOF and VICA

### **SMO5 – PUBLIC SECTOR ACCOUNTING STANDARDS**

Overview: The Ministry of Finance of Vietnam has the full authority of regulating public sector accounting and publishing public sector accounting standards under the guidance of the Government. VAA has only participated in related activities such as participating in the standard setting committee, projects and workshops upon request of MOF.

Currently, public sector accounting standards have not been adopted in Vietnam. The accounting law provides regulations on public sector accounting and government financial reporting. The Ministry of Finance provides regulations on public sector accounting applicable for the public finance management sector. These regulations are relatively comprehensive which include regulations on state budget accounting, state financial funds accounting and accounting for administrative units.

International Public Sector Accounting Standards (IPSAS) have been circulated and promoted in Vietnam in both English and Vietnamese. Some universities have included IPSASs in their syllabus. VAA has organized a number of workshops and training courses on IPSASs. The Ministry of Finance has been studying and developing public sector accounting standards in Vietnam.

VAA has promoted IPSAS to the MOF many times. The MOF has decided to implement the national accounting general project on the basis of the Treasury and Budget Management Information System (TABMIS) of the Vietnam State Treasury. VAA has been actively engaged in this project. VAA will study and provide training on IPSAS. But the study and drafting of VPSAS is facing many challenges. VAA has participated with the MOF to change the public sector accounting system (non-profit administrative accounting) to accrual basis to be more consistent to corporate accounting.

The Accounting Law provides regulations on government financial reporting. The MOF has initiated the National Accounting General project and delegated the implementation to the Vietnam State Treasury (VST). According to the plan, until 2020 the government financial reporting template will be completed. VST has developed the Treasury and Budget Management Information System (TABMIS), an integrated information system to serve the needs of National Accounting.

VAA has actively and effectively engaged in the process of development and enforcement of accounting and auditing policies and standards.

VAA is a member of law setting boards (Accounting Law, Independent Audit Law, State Audit Law), member of accounting and auditing standard setting boards.

VAA participated in most of the meetings discussing bills, drafting financial, accounting and auditing policies chaired by the MOF, SAV, Financial Committee of the National Assembly, Vietnam Chamber of Commerce and Industry, etc. VAA responded in writing to draft laws of the National Assembly and draft decrees and circulars of the government on finance, accounting and auditing.

**Action Steps:**

Adoption/Supporting Adoption of ISA (See SMO Action Plan Update Explanatory Note for examples of possible actions)					
		Decree 174/2016/ND-CP provides detailed regulations on a number of articles of the Accounting Law	01/01/2017	Government	Government
	30/3/2006	Decision 19/2006/QĐ-BTC and Circular 185/2006, promulgating accounting policies applicable for not-for-profit administrative entities. This Decision and Circular are still effective but the new Decision to replace this is coming soon.	2006	MOF	MOF

Support Implementation of Auditing Standards (See SMO Action Plan Update Explanatory Note for examples of possible actions)					
	2005 & 2011	Decision 94/ 2005/QD-BTC and Circular 146/2011/TT-BTC on commune budget and financial accounting regime.	Remain applicable	MOF	MOF
	10/1/2013	Circular 08/2013/TT-BTC guiding implementation of public accounting applicable to Treasury and Budget Management Information System	Remain applicable	MOF	MOF
	2016	Study accounting policies for not-for-profit administrative entities	2018	MOF	MOF
	2015	Draft a decree on governmental financial statements	In progress	Government	MOF, State Treasury of Vietnam

## 6. SMO6 – INVESTIGATION AND DISCIPLINE

VAA has membership regulations which provide criteria and conditions for engaging in the Association's activities. There are specific provisions on conditions for admission and disciplinary measures by level of offences of members. The practice monitoring committee conducts inspection on a regular basis and issues relevant warnings to violating members. VAA and its member bodies make disciplinary decisions publicly available on public communications channels. In cases of serious offences, auditor's certificates or practice certificates will be revoked for a definite or indefinite term by MOF.

The Accounting Law, Independent Audit Law and State Audit Law provide regulations on qualifications of accountants and auditors. There are specific provisions on the acts prohibited to accountants and auditors. The Ministry of Finance regulates the acts subject to penalty and the administrative penalty levels applicable for accountants and auditors. The criminal law regulates the fraudulent and noncompliant acts subject to criminal penalty. VAA issues the code of conduct for accountants and auditors. Every year, VAA inspects a number of enterprises (approximately 10%) and individual accountants. Penalty measures for noncompliance may be in the form of:

+ Reprimanding, warning, fines

- + Ban from practice for a limited period (1-2 years)
- + Being reported to the government (Ministry of Finance) for sanctions in accordance with law.

VAA has referred accounting practitioners who fail to comply with ethical requirements to MOF for disciplinary actions. Certified accountants and accounting firms which employ violating accountants (for failure to complete 40 CPD hours a year) shall be refused for further registration of practice.

The Government of Vietnam has promulgated a decree on penalties for administrative offences in accounting and auditing activities.

From 2015, VAA has been developing a new inspection and monitoring program to better manage its members in accordance with law and improve members' quality to meet international requirements.

\* The Accounting Law 2015 of Vietnam sets out 15 prohibited acts of accountants and others in relation to accounting, as follows (Article 13):

1. Forging, making false statements in, falsifying accounting records or other accounting documents, or forcing another person to do so.
2. Intentionally providing, verifying false accounting information and data, or colluding with another person in doing so or forcing another person to do so.
3. Leaving assets, liabilities of the accounting unit or related to the accounting unit from the accounting books.
4. Destroying or deliberately damaging accounting documents before expiry of the retention period specified in Article 41 of this Law.
5. Promulgating, publishing accounting standards or accounting regimes ultra vires.
6. Bribing, threatening, repressing, forcing accountants to do accounting works against this Law.
7. Allowing the manager of an accounting unit to act as its accountant, warehouse-keeper, or treasurer, except for private enterprises and any limited liability company owned by a single individual.
8. Assigning or hiring people that fail to satisfy all standards and requirements specified in Article 51 and Article 54 of this Law as accountants or chief accountants.
9. Renting, borrowing, leasing out, or lending the accountant certificate or Certificate of registration of accounting practice in any shape or form.
10. Establishing two or more accounting book systems or providing, publishing financial statements that contain inconsistent data in the same accounting period.
11. Providing accounting services without the Certificate of eligibility to provide accounting services or practicing accounting without satisfying all requirements specified in this Law.
12. Using the phrase “dịch vụ kế toán” (“accounting services”) in the enterprise’s name without the Certificate of eligibility to provide accounting services after 06 months from the issuance date of the Certificate of Business Registration, or while the enterprise has stopped providing accounting services.
13. Hiring individuals or organizations that fail to satisfy all requirements for practicing accounting or providing accounting services to provide accounting services.

14. Accounting practitioners and accounting firms colluding with their clients in providing or verifying false accounting information and data.
15. Other prohibited acts according to the law against corruption in accounting works.

\* The Independent Audit Law 2011 sets out prohibited acts (Article 13)

1. *It shall be strictly prohibited for members of the audit engagement team, audit firms and branches of foreign audit firms in Vietnam to conduct the following:*
  - a) Purchase, receive as a gift or hold shares or capital contributions portions, irrespective of the quantity or volume, in an audited entity;
  - b) Purchase or sell bonds or other assets of and audited entity, affecting independence as prescribed in Code of Ethics for Professional Accountants;
  - c) Receive or demand money or any other benefit from an audited entity apart from the services fee and other fees in the signed contract;
  - d) Extort money from or cheat a client or audited entity; dd) Disclose information about audit documentation, clients and audited entities, except when a client or an audited entity consents or the law otherwise provides;
  - e) Provide false information or a false introduction about the qualifications, experience and ability of a practicing auditor, audit firm or branch of a foreign audit firm in Vietnam to provide services;
  - f) Compete for clients in the form of preventing, embroiling, bribing or colluding with clients or conducting other acts of unfair competition;
  - g) Conduct debt recovery for an audited entity;
  - h) Collude with or contact the audited entity in order to render accounting data, financial statements of audit documentation misleading or to report misleading audit result;
  - i) Falsify or make false statements in audit files;
  - j) Lease or borrow an auditor's certificate or certificate of registration of audit practice in order to conduct professional activities;
  - k) Provide auditing services when failing to satisfy all the conditions set out in this Law;
  - l) Other misconduct prohibited by law,
2. *In addition to the conduct set out in clause 1 of this article, it shall be strictly prohibited for auditors and practicing auditors to conduct the following:*
  - a) Practise auditing in an individual capacity;
  - b) Falsify, lease, lend or allow others to use the name, auditor's certificate or certificate of registration of auditing practice in order to conduct auditing activities;
  - c) Work at the same time for two or more audit firms or branches of a foreign audit firm in Vietnam;
  - d) Other misconduct prohibited by law.
3. *It shall be strictly prohibited for audited entities and for related organizations and individuals to conduct the following:*

- a) Select an organization or individual failing to satisfy all the conditions for auditing practice in order to sign an audit contract;
  - b) Refuse to provide necessary information and data for an audit as requested by a practicing auditor, audit firm or branch of a foreign audit firm in Vietnam;
  - c) Hinder the work of members of the audit engagement team;
  - d) Provide misleading, untruthful or incomplete information and data relevant to and audit, or fail to provide such information and data promptly;
  - e) dd) Bribe or collude with a member of the audit engagement team to provide misleading accounting data, financial statements, audit documentation or a misleading audit report;
  - f) Conceal conduct in breach of the law on finance and accounting;
  - g) Threaten, take revenge on, or coerce a member of the audit engagement team to provide misleading audit results;
  - h) Other misconduct prohibited by law.
4. It shall be strictly prohibited for any organization or individual to illegally intervene in or hinder professional activities of a practicing auditor, audit firm or branch of a foreign audit firm in Vietnam; or to take advantage of position or powers to breach the regulations on issuance of Certificate of eligibility to provide audit services, Certificate of registration of auditing practice, on quality assurance of auditing services, or on disciplinary measures and penalties for administrative offences during independent auditing activities.

***Self-Assessment against the Main Requirements of SMO 6***

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
Scope of the system A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.			X	There is an inspection committee at VAA. The committee members develop annual action plans and conduct reviews. Members of the inspection committee include members of VAA and its member bodies, MOF, and a number of accounting firms.
Information about the types of misconduct which may bring about investigative actions is publicly available.	X			VAA disseminates the Association’s Charter to its members. Disciplinary measures are set out in the charter.
Initiation of Proceedings Both a “complaints-based” and an “information-based” approach are adopted.	X			
Link with the results of QA reviews has been established.	X			

Requirements	Y	N	Partially	Comments
Investigative process A committee or similar body exists for performing investigations.	X			Paragraph 3, article 21, page 21 of the Association's Charter
Members of a committee are independent of the subject of the investigation and other related parties.	X			
Disciplinary process A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.			X	A disciplinary committee is formed only when investigative actions are required and dismissed when the work is finished.
Members of the committee/entity include professional accountants as well as non-accountants.		X		Only professional accountants
The tribunal exhibits independence of the subject of the investigation and other related parties.	X			
Sanctions The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	X			
Rights of representation and appeal A third appeals body exists which is separate from both the disciplinary committee and investigative committee.		X		
Administrative Processes Timeframe targets for disposal of all cases are set.	X			
Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			
Records of investigations and disciplinary processes are established.	X			

Requirements	Y	N	Partially	Comments
Public Interest Considerations Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	X			
A process for the independent review of complaints on which there was no follow-up is established.		X		
The results of the investigative and disciplinary proceedings are made available to the public.	X			Made available on the websites of VAA and MOF
Liaison with Outside Bodies There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.		X		
Regular review of implementation and effectiveness Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	X			MOF

#### Action Steps:

	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Establishing/Supporting the Establishment of I&amp;D (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
	2013	Decree 105/2013/ND-CP dated 16 September 2013 regulating penalties for administrative offences in accounting and independent auditing activities	Remain applicable	Government	Government

	Start Date	Actions	Completion Date	Responsibility	Resource
	1994	Regulations on award and discipline are set out in VAA's charter.	Maintained	VAA	VAA
	From 2013 to 2016	<p>VAA published operating regulations of VICA, having a chapter on reward and dealing with violations, as follows:</p> <p>Article 23: Reward Members and staff of VICA who have outstanding achievements in developing VICA or in accounting and auditing activities will be rewarded by VICA President or refer to higher levels of the Association and regulators for reward. VICA Executive Board shall provide detailed guidance on reward criteria and procedures in accordance with the regulations of VAA and law.</p> <p>Article 24: Dealing with violations Members and staff of VICA who cause damage to the credit of VICA, violate regulations and resolutions of VICA or violate the law and code of ethics for professional accountants, have their accounting or auditing practice certificates, certificates of eligibility to provide accounting or auditing services revoked or are banned from practicing accounting or auditing in accordance with law shall be disciplined in forms of reprimanding, warning, removal from post or from membership of VICA and information of the disciplinary actions shall be publicly available on the websites of VICA and VAA. In cases of causing physical damages, compensation shall also be required in accordance with law.</p>	Maintained	VAA	VAA, VICA
	2010 - 2015	Study and draft public sector accounting standards	2020	MOF, VAA, SAV	MOF, VAA, professional bodies and state regulators

	Start Date	Actions	Completion Date	Responsibility	Resource
	2014	Refer violating accounting practioners to MOF for penalty for their non-compliance with ethical requirements.  Violating accountants (i.e., failing to complete 40 CPD hours a year) shall be refused for further registration of accounting practice.	Implemented in 2014 2015, 2016	MOF, VAA	MOF, VAA

## **SMO7 - INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### **Objective:**

To meet the requirements of active integration and the target of the accounting and auditing service market in 2010 – 2020 period which is to export accounting and auditing services, Vietnam is in the process of building a legal framework to strengthen financial activities and to gain international recognition.

### **Overview:**

All activities of VAA are in collaboration with the MOF (Accounting and Auditing Regulation and Supervision Department), General Tax Department, and Vietnam State Treasury.

The scientific workshops and training courses organized by VAA were attended by universities, including major universities nationwide.

MOF is responsible in drafting, editing, issuing and publishing 26 national accounting standards which are fully named Vietnamese Accounting Standards (VASs). These VASs are conducted based on collectively IASs. VAA is directly involved in drafting numerous standards, to recommend and edit other

remaining standards with the appraisal committees, coordinate and collect feedback from members on exposure drafts before MOF signs off a standard for publication.

Vietnam has started to adopt International Financial Reporting Standards (IFRSs). The Ministry of Finance is responsible for liaison with IASB for translation of IFRSs and publication of standards. IFRSs are translated into Vietnamese for introduction in universities, enterprises and economy for raising the awareness. The translation of IFRSs is performed based on the most updated versions of IFRSs for internal purposes of a number of accounting firms, enterprises are highly recommended for applying IFRSs. MOF is the contact point and collaborates with the universities and colleges. There has not been a mandatory requirement for all universities and colleges to include IFRSs in their curricula but they can develop contents and teaching agenda at their will.

A number of enterprises in Vietnam (about 2000 enterprises) mainly FDIs have been adopting International Financial Reporting Standards (IFRSs) to prepare financial statements for the purpose of reporting to the parent company abroad. There are also a number of other organizations using IFRSs to prepare financial statements for specific purposes including a number of commercial banks and non-government organizations. Some listed companies also maintain IFRS reports in parallel with VAS reports.

MOF and VAA have widely promoted IFRSs, delivered numerous training courses and workshops about IFRSs, regularly published articles of IFRSs on VAA's Accounting and Auditing Journal, Auditor magazine of the State Audit Office of Vietnam, Finance Review of the Ministry of Finance and a number of other journals of scientific studies.

The revision of existing and drafting of new Vietnamese financial reporting standards started in 2010. Vietnam has not adopted a number of IFRS equivalents including: IFRS7 (Financial Instruments:Disclosures); IAS 19 (Employee Benefits); IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance); IAS 26 (Accounting and Reporting by Retirement Benefit Plans); IAS 29 (Financial Reporting in Hyperinflationary Economies); IAS 36 (Impairment of Assets); IAS41 (Agriculture); IFRS1 (First-time Adoption of International Financial Reporting Standards); IFRS2 (Share-based Payments); IFRS5 (Non-current assets held for sale and discontinued operations); IFRS6 (Exploration for and evaluation of mineral resources).

The following VASs have not been adopted by Vietnamese SMEs:

No	VASs
1	VAS 11 - Business Combination
2	VAS 19 - Insurance Contracts
3	VAS 22 - Disclosures in Financial Statements of Banks and Similar Financial Institutions
4	VAS 25 - Consolidated Financial Statements and Accounting Investments for Subsidiaries
5	VAS 27 - Interim Financial Reporting
6	VAS 28 - Segment Reporting
7	VAS 30 - Earning per Share

The Ministry of Finance of Vietnam has continued to study the entire system of international accounting standards (IASs) and International Financial Reporting Standards (IFRSs) and the adoption for listed enterprises is expected to take place in 2020-2025. To support MOF, VAA are continuing to:

- Promote awareness of IFRSs in the community
- Advise MOF in drafting Vietnamese Financial Reporting Standards (VFRSs) with learning experience from application of IFRSs in other countries and adjusting to match with specific situations in Vietnam
- Provide trainings and keep supporting VAA members about adoption of IFRSs, VFRSs
- Supervise, and check the adoption of IFRSs and application of VFRSs

### Action plans

The MOF has developed a roadmap to adopt IFRS and develop VFRS in the 2020-2025 period. VAA will support and work with the MOF in all aspects: research, training on IFRS for member, drafting a number of VFRSs, providing guidance and monitoring the compliance with standards.

#	Start Date	Actions	Completion Date	Responsibility	Resource
	2000	Promote awareness of IFRSs in the community via universities training programs, arrangement of training short courses about IFRSs via official training in association with foreign associations and highlighting gaps between VASs and IFRSs  Inviting successful companies in adoption of IFRS to share their experience with the community.  Support teachers/professors in the university in keep updating latest IFRSs versions and including IFRSs in their teaching programs	Ongoing	VAA	VAA
	31/12/2001	Publish the 1 <sup>st</sup> series of 4 VASs 1. VAS 02 - Inventories 2. VAS 03 - Tangible Assets 3. VAS 04 - Intangible Assets	Remain effective	MOF	MOF

#	Start Date	Actions	Completion Date	Responsibility	Resource
		4. VAS 14 - Turnover and Other Incomes			
	31/12/2002	Publish the 2 <sup>nd</sup> series of 6 VASs 1. VAS 01 - General Framework 2. VAS 06 - Leases 3. VAS 10 - Effects of Changes in Foreign Exchange Rates 4. VAS 15 - Construction Contracts 5. VAS 16 - Borrowing Costs 6. VAS 24 - Cash Flow Statements	Remain effective	MOF	MOF
	30/12/2003	Publish the 3 <sup>rd</sup> series of 6 VASs 1. VAS 07 - Accounting for Investment in Associates 2. VAS 08 - Financial Reporting of Interest in Joint Ventures 3. VAS 21 - Presentation of Financial Statements 4. VAS 25 - Consolidated Financial Statements and Accounting for Investment in Subsidiaries 5. VAS 26 - Related Party Disclosures 6. VAS 05 - Investment Property	Remain effective	MOF	MOF
	15/2/2005	Publish the 4 <sup>th</sup> series of 6 VASs 1. VAS 17 - Income Taxes 2. VAS 22 - Disclosures in Financial Statements of Banks and Similar Financial Institutions 3. VAS 23 - Events after Balance Sheet Date 4. VAS 27 - Interim Financial Reporting 5. VAS 28 - Segment Reporting 6. VAS 29 - Changes in Accounting Policies, Accounting estimates and Errors	Remain effective	MOF	MOF

#	Start Date	Actions	Completion Date	Responsibility	Resource
	28/12/2006	Publish the 5 <sup>th</sup> series of 4 VASs 1. VAS 11 - Business Combination 2. VAS 18 - Provisions, Contingent Assets and Liabilities 3. VAS 19 - Insurance Contract 4. VAS 30 - Earning Per Share	Remain effective	MOF	MOF
	2010	To revise VASs in accordance with IFRSs	In progress	MOF	MOF, VAA, audit firms, accounting firms, and universities.



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Dear IFAC,

**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

This letter is to confirm that the leadership of the Vietnam Association of Accountants and Auditors (VAA) has reviewed the information contained in the SMO Action Plan prepared by Vietnam Association of Accountants and Auditors (VAA) as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Vietnam Association of Accountants and Auditors (VAA), I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

**Dr. Dang Van Thanh**  
**President**

**Vietnam Association of Accountants and Auditors**

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(Name of Organization)

**10 August 2018**

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(Date)