
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

29th SESSION

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Afternoon Session

**Regulatory and institutional foundations for high-quality
corporate reporting**

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ISAR 29th Session

Capacity Building Framework for high quality corporate reporting

Pilot Test of the Assessment Questionnaire in Vietnam

Presenter: Van Tan-Hoang Vo

Summary of the pilot test

- Pillar A – Legal & Regulatory Framework is fairly low;
- Pillar B – Institutional Framework: Vietnam’s big effort to catch up to the standard requirement;
- Pillar C – Human Capacity and D – Capacity building process: Relative good, resource is being built up to upgrade reporting system.
- “Yes/No” question is not appropriate;
- Lack of reflection on the level of the enforcement of the regulations in reality;
- The scoring system does not account for the importance of the question;
- Opinion-based questions would force a large number of people to answer to come up with a proper answer.

Benefits and Lessons

Outcomes

- Identify the gap of national reporting system;
- Assess the progress of approaching to high quality corporate reporting system;
- Help regulators build up the road map to comply with the questionnaires

Lessons

- Better coordination with Universities;
- Design one fundamental unit in charge of updating international standard & translation into local language;
- Authority entities (MOF,...) attend more critically in updating int. standard.

Corporate Reporting in Vietnam Accounting Standard (VAS)

Current Status

- not allow for the revaluation of assets and liabilities according to their fair value;
- Lacking of following standards compares to IFRS:
 - Employee benefits,
 - Accounting for Government Grants and Disclosure of Government Assistance,
 - Accounting and Reporting by Retirement Benefit Plans,
 - Financial Reporting in Hyperinflationary Economies,
 - Financial Instruments: Disclosures, Recognition and Measurement
 - Impairment of Assets,
 - Agriculture,
 - First-time Adoption,
 - Share-based Payment,
 - Non-current Assets Held for Sale and Discontinued Operations,
 - Exploration for and Evaluation of Mineral Resources.

Corporate Reporting in Vietnam Accounting Standard (VAS)

revised
version
in 2015

- Match the business practice in Vietnam and the needs for information required;
- Follow international best practices and standards on accounting;
- Use intelligible language for other enterprises' stakeholders can understand;
- More focus on other supplementary information in the financial statements;
- Increase the use of fair value.

Corporate Reporting in Vietnam Auditing Standard (VSA) (cont.)



Current Status

- Occasionally incompliance with independence rules as set out in the Professional Conducts;
- Several auditors/auditing firm did not strictly follow the procedures as set out in ISA 240 – Obligation of auditor in reviewing fraud risk;
- Some auditing firms do not have detail audit manual;
- Lacking in obtaining essential audit evidences.

Corporate Reporting in Vietnam Auditing Standard (VSA) (cont.)

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- Filling the gap with current international standards;
- Strengthening independence rules as set out in the Professional Conducts;
- Reinforcement audit firms strictly follow procedures set out in ISA 240;
- Detail audit manual & audit evidence.

Institutional Framework to develop

- **Professional education and training:**
 - More focusing in international good practice and IFAC education standards in teaching of accounting & auditing;
 - Strengthening the mechanism to screen the suitability of practical training providers or to monitor the quality of practical training provided;
 - Focusing on practical issues of the continuing professional development (CPD) program;
 - Requirements for auditors in Vietnam to be updated more frequently in lines with the international educational standards issued by IFAC.

Institutional Framework to develop (cont.)

- **Mechanism for setting Accounting & Auditing Standards:**

- Current situation:

- MOF as accounting & auditing standard setting body;
- 26 accounting standards & 37 auditing standards been issued;
- National Accounting Committee as consultative party.



Necessary of more input from wider range of stakeholders (including the profession and accounting and auditing practitioners)

Institutional Framework to develop (cont.)

- **Ensuring Compliance with Accounting & Auditing Standards:**
 - Prescribing adequate legal sanctions for noncompliance with accounting and auditing standards;
 - Raising awareness of companies' management of their responsibilities for ensuring that financial statements present a true and fair view;
 - Improving monitoring capacity of various bodies;
 - Getting more assistance from external auditors in guarding against noncompliance with accounting and financial reporting requirements.

Recommendation

For questionnaires:

- Appropriateness of “Yes/No” type of question for country on the development phase like Vietnam;
- More detail guidance of the benchmark for opinion-based questions;
- The weights that represent the importance of the questions, sections.

Recommendation (cont.)

For improvement in Vietnam:

- The issuance of corporate governance code;
- Compliance to existing corporate governance regulations and the coming governance code;
- Reinforcement of application of auditing standards amongst audit firms;
- Formal processes and tools for the quality control units & staff;
- Issuance of Accounting standards to catch up with IFRS;
- PR accounting & auditing associations.

Thank you!