

### III. Professional Infrastructure

This chapter describes the professional accountancy infrastructure in Viet Nam. This infrastructure comprises the Viet Nam Accounting Association (VAA – a professional membership body for accountants and auditors), and the recently created National Council for Accountancy (a regulatory organization). The chapter is structured as follows:

- 1 – Introduction
- 2 – The Viet Nam Accounting Association
- 3 – Legal Establishment
- 4 – Functions of the Vietnamese Accounting Association
- 5 – Organization
- 6 – Structure
- 7 – Membership
- 8 – The National Council for Accountancy

#### 1. Introduction

Viet Nam has a regulated accounting profession and an association, which has been established by law. The Viet Nam Accounting Association (VAA) is a member of the International Federation of Accountants (IFAC) and the ASEAN Federation of Accountants (AFA).

The first accounting association in Viet Nam was the Chief Accountant's Club that was formed by the Ministry of Finance (MOF) under the authority of the Government in 1989. As its name implies, this Club consisted of senior accountants from both Government and industry and its functions were to:

- assist the government in forming financial guidelines.;
- provide a forum for practitioners and researchers to exchange views and information; and
- organize and conduct workshops and seminars for the dissemination of accounting information to the Government and the profession.

The Club rapidly grew from 200 members in 1989 to 600 members three years later. Because of Viet Nam's economic development and its transition to a market economy, the Chief Accountant's Club and the MOF combined to establish the VAA, which was formed in 1994. The Prime Minister issued Decision No.12TTg which established the VAA.

The first Congress of National Delegates was held on 12-13 April 1994 and officially established the Association, passed the association's Rules, elected its central committee, and approved its operational plan. The Chief Accountant's Club still exists today as a form of sub-committee within the VAA.

## **2. The Viet Nam Accounting Association**

The Viet Nam Accounting Association (VAA) was formed in 1994. It is a professional organization representing those who are involved in the accounting and auditing practice in Viet Nam.

VAA became a member of IFAC in May 1998, and became a member of the ASEAN Federation of Accountants (AFA) at the same time. It is not yet a member of the Confederation of Asian Pacific Accountants (CAPA).

The financial health of the VAA is weak and the Association relies partly on sponsorship by the Ministry of Finance. The annual subscription for primary members is D50,000 (US\$3.55). The financial problem relates more to the smallness of the subscriptions rather than to the amount of fees unpaid. Although Viet Nam is a poor nation, the annual subscription amount appears to be too low and consideration should be given to increasing the fees. In addition, prospective new members are apprehensive about joining unless they can see that membership would reap a real benefit for them. There would appear to be a need for a public relations campaign explaining the benefits of joining the VAA. Half of the total fees collected are allocated to the various sub-associations and half to the central committee.

## **3. Legal Establishment**

The legal documentation that brought about the establishment and operation of VAA is as follows:

- Decision No. 12/QD-TTg dated January 10 1994 on establishment of VAA.
- Amended Charter of VAA as approved by the Government according to Decision No. 03/1999/QD-TTg dated March 19 1999.

## **4. Functions of the Vietnamese Accounting Association**

In accordance with its Charter, the functions of the VAA are as follows:

- to advance opinions to Government competent authorities in their work to formulate policies and regulations, and guide and materialize efforts to achieve national standards for the accountancy profession;
- to monitor the refreshing and upgrading of the professional qualifications for accountancy practitioners, disseminating relevant policies and regulations and providing information on latest technical achievements in terms of accountancy and finance, both inside and outside the country;
- to study in connection with theories and standards on the accountancy as well as legal basis for the profession and render counseling service on organizational, theoretical and practical matters concerning the accountancy career;
- to research for further application of information technology in the profession;
- to exercise controls over its members' professional ethics and practice, assisting competent authorities in organizing examinations and, as may be authorized by the latter from time to time, grant practicing certificates for accountants and auditors;
- to gather and refer comments, recommendations and requests from its affiliated units and members on the relevant policies and regulations to the competent regulatory authorities for consideration of revisions or changes where appropriate;
- to encourage its members to obey the legal requirements and maintain professional ethic dignity;
- to cooperate with domestic associations and societies of scientists and technicians and those accountants in the region and across the world in the matter eligible under the Vietnamese law; and
- within its capacity, to support the material and mental life of its members and to safeguard their legal rights.

The Accounting Policy Department of the Ministry of Finance plays a major role in most of these functions and is currently undertaking the direct responsibility for establishing national accounting and auditing standards, upgrading professional qualifications of accountants and auditors, research, and quality control of independent auditing firms.

## **5. Organization**

The organizational structure of the VAA is as follows in descending order of authority:

- Central Association composed of sections and grouped under industry classifications. There are seven sections: Water Resources, Construction, Energy/Electricity, Water-Products, Agriculture and Rural Development, Commerce, and Post and Communications.
- Affiliated Associations in the provinces and cities of the Central Government. These include branch offices at the Provinces and Hanoi, Ho Chi Minh City, Thua Thien Hue, Hai Phong City, Dac Lac, Khanh Hoa, and Can Tho.
- Grassroots Units located at the National Economic University, Hanoi University of Finance and Accountancy, and Thai Nguyen Energetic Company.

VAA is based on a structure related to seven sections of industry in order that industry specific discussions and seminars may be more easily accommodated. The VAA is a member of Viet Nam Union of Science and Technique Association. There are no professional qualified accountants employed by the VAA.

## **6. Structure**

### The Assembly

The Association's highest authority is represented by the National Assembly of Delegates (the Assembly), which meets every five years. The Assembly may call for an extraordinary meeting if requested by at least two-thirds of the branches and at least half the members of the Central Committee. The main functions of the Assembly are to:

- review and approve the whole-term report of the Central Committee;
- work out directions and approve of the work plans for the Association as a whole;
- determine amendments and supplements to its charters where appropriate; and
- vote for members of the Central Committee of the new term.

### The Central Committee

The main unit of authority is the Central Committee of VAA, which consists of 55 members. The Central Committee is the lead authority for the period between two consecutive plenary meetings of the

Assembly and meets once a year. The committee monitors the Association's operations in conformity with the resolution passed by the current Assembly. It also determines the work plan, budget, personnel issues and elects members for its Standing Committee, including the election of the President, Vice-President and General Secretary of the Association and those members of the Inspection Board as defined by the Charter. These Committee members hold office for five years.

### The Standing Committee

The Standing Committee is elected by the Central Committee and controls the day-to-day operations of the business. It has 15 members and consists of the President, Vice-President, General Secretary and other members.

The Standing Committee meets only twice a year and selects the individual sub-committees and assigns tasks by resolution to each subcommittee. The Standing Committee nominates members to the Permanent Council that is headed by the President.

### VAA Committees

The Standing Committee selects the chairpersons and members of each Committee. The Committees are as follows:

- Code of Ethics Board
- International Relations Board
- Accounting and Auditing Standards Board
- Scientific Training and Development Promotion Board
- Financial Board
- Permanent Council
- Central Representative
- South Representative
- Accounting Review
- Chief Accountant Club
- Center for Training and Consulting of Auditing and Accounting

The Permanent Council is required to handle the affairs of the Association between meetings of the Standing Committee. It ensures that the resolutions of the General Assembly and Central Committee are implemented. The Code of Ethics Board has the responsibility to communicate and maintain relations with the Government. The VAA

does not develop its own Code of Ethics. The Code is based on government regulations. There is no separate division for the public sector, and members of the VAA are from both the public and private sector.

The Center for Training and Consulting of Auditing and Accounting assists in training candidates, by way of short courses of either two or four weeks' duration, for the examinations in connection with the issue of the Financial Auditor License.

The VAA is attempting to strengthen its activities and improve its prestige. The VAA does not play an active role in researching, developing, and setting up accounting and auditing standards, and accounting systems. The Accounting Policy Department of the Ministry of Finance has currently assumed responsibility for these tasks.

## **7. Membership**

As at 30 June 2000, VAA had 4,750 primary members and 300 sponsor members. The VAA has three types of members:

- Primary member
- Honorary member
- Sponsor member

Primary and honorary members must be Vietnamese citizens who subscribe to the Association's mission statements, objectives and charter and the willingness to take part in its activities and with the requisite moral qualities.

Primary members must possess at least one of the following qualifications:

- Graduated from a university of finance and accounting with experience of three years or more in the profession subsequent to graduation;
- Worked as a supervisor in an accountancy practice with a working experience of three years or more; or
- Worked for a financial and accounting institute or university as a researcher or lecturer in accountancy subjects.

Honorary members are prestigious officials in the field of finance, accounting and auditing with enthusiastic assistance in the Association's activities. The selection criteria are mainly based on a high standing in public office.

Any persons of Vietnamese nationality who are not, for personal reasons, involved in regular activities of the Association but have large

contributions to make, can be admitted as sponsor member. The contributions refer to an individual's high degree of knowledge or expertise from which the VAA can benefit through advice or other means.

## **8. The National Council for Accountancy**

The VAA is a professional membership organization for accountants and auditors. Up until recently, the Ministry of Finance undertook all regulatory functions. Earlier this year, the Government established the National Council for Accountancy (the Council) as the key regulatory body for accounting and auditing arrangements in Viet Nam. Its structure and functions are similar to those of Accounting Regulatory Boards in other countries.

The Council was established under Decision No. 276/QĐ-BTC dated 28 March 2000 of the Minister of Finance. The Council is an affiliated organization of the Ministry of Finance and its functions include the development of strategies, policies and other issues concerning auditing and accounting activities. It has no direct relationship with the Viet Nam Accounting Association. The authority and powers vested in the Council's members are as follows:

- To be provided with materials and information relevant to strategies for economic, financial, accounting and auditing development, and those concerned with accounting and auditing consultative functions;
- To be entitled to attend accounting and auditing symposiums and seminars of the Council, including those for studying and preparing draft documents; and
- To have rights to independently express and preserve his/her own opinions.

The organizational structure of the Council is determined by the Minister of Finance and includes the following:

- Executive Committee, which comprises one chairperson and two vice-chair people.
- The Secretariat
- The Board of Accounting Consultation
- The Board of Auditing Consultation

The appointment of chiefs, deputies and members of the above Boards is decided by the Council Chairperson. The Chairperson may either assign more personnel to, or reorganize the Boards and engage accounting,

auditing and financial experts to the Boards. The obligations and powers of the Board of Accounting Consultation are as follows:

- To analyze, exchange and summarize consultative opinions in writing for submission to the Chairperson in respect of any draft Accounting Laws, Accounting Standards, and financial reporting policies to be issued by the Ministry of Finance, the National Assembly or the Government for promulgation;
- To assist the Chairperson in consulting the Minister of Finance about the orientation of preparing, formulating and publicizing Vietnamese Accounting Standards; and
- To help the Chairperson study and prepare guiding materials and manuals on the accounting profession and practice.

To participate in other activities of the Council such as: consulting the Minister of Finance on training orientations to heighten the professional level of Vietnamese accountants; advising on building a Statute on Control over Quality and Professional Ethics for accounting experts and practitioners to apply.