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LE QUOC DIEM

**MANAGEMENT ACCOUNTING AT PUBLIC
UNIVERSITIES IMPLEMENTING THE
FINANCIAL AUTONOMIC MECHANISM IN
VIETNAM**

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**SUMMARY OF DOCTORAL THESIS IN
ECONOMICS**

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Examiner 1:.....
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Examiner 2:.....
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**The thesis is defended in front of the Thesis
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INTRODUCTION

1. Urgency of the thesis topic

The financial autonomy is an inevitable trend and an important condition for the diversification of resources to promote other autonomous contents successfully, it improves competitiveness in training and research activities. The positive aspects of the financial autonomic mechanism for public universities such as: using resources more efficiently, generating revenue, increasing income for lecturers, workers ... and the trend is going towards complete autonomy, the operation of the universities is not much different from the business at this time. Whether it is an enterprise or a non-business unit, the needs of the managers' information in these organizations are the same, only with the difference in informative content because the enterprise's goal is profit, and the goal of the public universities is not for profit.

Therefore, the application of management accounting in the accounting system is the issue that needs to be paid attention to and researched at self-financed public universities. Through my research, now, the management accounting at the self-financed public universities is more or less interested in universities but it has not yet met the requirements set forth by managers and needs to continue to be perfected. Up to now, most of the published research focuses on the organization of management accounting in enterprises in the world as well as in Vietnam,. Therefore, I have chosen the topic "*Management accounting at public universities implementing the financial autonomic mechanism in Vietnam*" as the research topic of the thesis.

2. Literature review

There are many researches related to accounting in general and management accounting in particular in public non-business units in the world as well as in Vietnam. Most of the researches on accounting focus on the contents of financial accounting. The researched works on management accounting are mostly the researches on cost accounting, balanced score card, accountability accounting, they are one of the content of management accounting, ie independent researches on the contents of management accounting, the management accounting has

not been researched comprehensively and completely. Non-business units in the above studies include: public and governmental units, public junior colleges, public colleges, public universities, hospitals, social insurance ... There has not been any separate study for the subject that is the public universities implementing the financial autonomic mechanism. Therefore, it is necessary to have a specific and comprehensive study to complete the theoretical basis of management accounting in public non-business units implementing financial autonomic mechanism, the practical research at the self-financed public universities, thereby proposing solutions with scientific basis to apply effectively in practice.

3. Research objectives

- Systematizing and clarifying the theories about the management accounting in public non-business units implementing the financial autonomic mechanism.

- Researching on operational characteristics, management organization, and financial mechanism that govern management accounting at public universities implementing financial autonomic mechanism. Surveying the current situation of management accounting to analyze, evaluate and find out outstanding problems in the application of management accounting in these units.

- Researching on the factors that affect management accounting at public universities implementing the financial autonomic mechanism in Vietnam.

- On the basis of synthesis, theoretical analysis and assessment of the current state of management accounting at public universities implementing the financial autonomic mechanism in Vietnam, based on the developmental orientation, requirements and principles when applying management accounting in the context of public universities implementing autonomic mechanisms at the same time to propose solutions to perfect the management accounting that ensure science and feasibility.

4. Research object and scope

4.1. Research object

The thesis focuses on the research of management accounting at public universities implementing financial autonomic regime in Vietnam.

4.2. Research scope

In terms of space: The thesis researches at 23 public universities implementing the financial autonomic mechanism in Vietnam (In accordance with the resolution No. 77 / NQ-CP dated October 24, 2014).

In terms of time: The topic was researched during the time when the universities were operating under the financial autonomic mechanism from 2014 to 2019.

In terms of content: The thesis researches on management accounting on the perspective of tactical management accounting and researches for public universities implementing an autonomic mechanism to ensure their level of recurrent and capital expenditures.

5. Research methodology

On the basis of the dialectical materialism methodology, historical materialism methodology to have science-based analysis and evaluation. The topic uses research methods: Synthetic method; Statistical and comparison method; Analytical method; ... Besides, the thesis uses quantitative research methods to test the factors affecting the application of management accounting at public universities implementing the financial autonomic mechanism.

6. Scientific and practical significance of the research topic

* *Scientific significance*: The thesis was systematized and clarified the theoretical framework of management accounting in public non-business units implementing the financial autonomic mechanism in Vietnam, with emphasis on self-financed non-business units, investment and ordinary expenditures.

* *Practical significance*:

- The general description of the specific operation of public universities implementing the financial autonomic mechanism that affects the implementation of management accounting. Reflecting the reality of management accounting, evaluating the advantages as well as the remaining problems in the application of management accounting at

public universities implementing the financial autonomic mechanism, as the basis for proposing suitable solutions to perfect management accounting in these units.

- Determining the factors that affect management accounting at self-financed public universities; Measuring the impact of factors on the application of management accounting at self-financed public universities.

- Proposing solutions to improve management accounting at public universities implementing the financial autonomic mechanism in accordance with the characteristics of the operation, financial management mechanism, self-control mechanism and ensuring the feasibility.

7. Structure of the thesis

In addition to the introduction, general conclusion, list of reference materials and appendices, the thesis consists of 3 chapters as follows:

Chapter 1: The theories about management accounting in public non-business units implementing the financial autonomic mechanism.

Chapter 2: The current situation of management accounting in public universities implementing the financial autonomic mechanism in Vietnam.

Chapter 3: Improving management accounting at public universities implementing the financial autonomic mechanism in Vietnam.

CHAPTER 1**THE THEORIES ABOUT MANAGEMENT ACCOUNTING IN PUBLIC NON-BUSINESS UNITS IMPLEMENTING THE FINANCIAL AUTONOMIC MECHANISM.****1.1. Overview of public non-business units*****1.1.1. Concept, characteristic and classification of public non-business units******1.1.1.1. The concept of public non-business unit***

A public non-business unit is an organization in the public sector, established under a decision by a competent state agency to perform a certain professional task or state management of a certain activity, operating with full or partial state budget funds and other sources to ensure regular operating costs on the principle of no direct reimbursement.

1.1.1.2. The characteristics of public non-business units

A public non-business unit is an organization operating with the purpose of serving the society, performing the responsibility with the society, not for profit. Therefore, their products and services mainly create the cultural, ethical, intellectual, educational, and health values ...

The activities of a public non-business unit are very diverse and cover all fields of economy and social life. Each field about the operation of a public non-business unit undertakes to carry its own characteristics and requirements. However, there is a common point in the provision of public services. The products of the non-business unit are the products of common benefit, have sustainability and organic attachment to the process of creating material wealth.

The activities of the non-business unit are always attached to and influenced by the socio-economic developmental program.

The operation of a public non-business unit is paid off by state budget or from a superior unit and from retained funds according to regulations from revenues such as fees, charges and revenues from production and business activities, services, from aid, sponsorship, ... on the principle of no direct compensation.

1.1.1.3. The classification of public non-business units

The classification of public non-business units is based on many different criteria such as: the degree of financial autonomy; the field of service provision; the regulations on public property management; the budget management rank. Depending on the classification criteria, public non-business units are divided into different categories.

1.1.2. The financial management mechanism of public non-business units implementing the financial autonomic mechanism

The financial management mechanism in public non-business units in general and public non-business units implementing the financial autonomic mechanism in particular are affected by the both mechanisms and policies of the state. The state, as the manager, uses legal documents as a tool to manage financial activities in public non-business units under specific conditions to achieve the certain goals. The public non-business units rely on the state's regulations to plan financial management mechanisms and policies suitable for their specific conditions in order to achieve high financial management efficiency and improve operational efficiency of the whole unit.

The financial management mechanism in non-business units includes: the mechanism of creating financial resources, using financial resources and financial distribution.

1.1.3. The financial autonomy in public non-business units

The financial autonomic mechanism is a managing mechanism to enhance the autonomy and self-responsibility for units in terms of financial operations, organizational structure and labor arrangement, thereby it increases the quality of operations and service provision of public non-business units.

The financial autonomy in public non-business units means that these units have the right to decide the financial activities of the units, it includes price and fee autonomy, autonomy in recurrent expenditures and investment expenditures, in paying salaries and increasing income, setting up funds and in financial transactions.

1.2. The needs about the management accounting information of public non-business units in autonomous conditions

In addition to needing the information of financial accounting to provide it to state management agencies, the top managers of non-business units also need more information provided by the management accountants to directly serve the operating, managing, making decisions on financial policies and developmental directions of their own units, especially in the current period, public non-business units are enhanced their autonomy in financial work, the budget allocated by the state to revenue-generating non-business units is decreasing. Therefore, the information of management accounting plays an important role, and it is really necessary and useful.

1.3. Overview of management accounting

1.3.1. Concept, nature and goals of management accounting

1.3.1.1 The management accounting concept

The management accounting is the process of collecting, processing, analyzing, synthesizing and providing useful information systematically, both financial and non-financial information to serve the managers who perform the functions of planning, control, evaluation and making decision.

1.3.1.2 The nature of management accounting

The management accounting is confirmed as accounting, an integral part of the accounting system, is responsible for organizing accounting information to serve at the request of management levels in the organization. The collecting, processing and designing of information of the management accounting come from the request of each different administrative object.

1.3.1.3. The goal of management accounting

- To provide information for the process of decision-making and planning, actively participating as a part of the management team, in decision-making and planning processes.

- To assist for administrators in directing and controlling the organization's activities.

- To measure the results of the activities of units, departments, ranks of administrators and employees.

- To evaluate the competitive position of the units in the same industry or field of activity.

1.3.2. The role and function of management accounting

1.3.2.1. The role of management accounting

The management accounting plays an important role in helping managers who perform their management functions to achieve the goals of the organization. The information of management accounting is the basis and premise for managers to plan, implement, monitor and make decisions.

1.3.2.2. The function of management accounting

The management accounting is a part of the accounting system, so the management accounting has the general functions of accounting, which is to record and provide economic and financial information of the unit to users relating to.

1.3.3. The content of management accounting

1.3.3.1. The content of management accounting for planning function

In order to serve the planning function of the administrator, management accounting needs to perform the following contents: (1) Identifying and classifying costs; (2) Cost aggregation object and cost aggregation method; (3) Cost determination method; (4) Establishing cost norms and (5) Preparing cost estimates.

1.3.3.2. The content of management accounting for the function of organization and implementation

The manager must organize to implement after determining the approved goal and plan. This is the process where the manager must link among the people in the organization, the relationship among the various parts of the organization, the manager must use reasonable resources to implement the proposed plan to achieve the highest success and efficiency.

In order for an administrator to perform this function, the management accounting must perform its basic function of collecting, systematizing, processing and providing information at first.

1.3.3.3. The content of management accounting for the function of control and evaluation

To assist the administrator in implementing this function, the management accounting, at first, must perform its basic function that is to collect, record and gather information about the performance, thereby

practical information is aggregated and provided, the difference of information between reality and the plan, and the causes of the difference must be analyzed so that administrators can adjust promptly and the plan progress is ensured. At the end of each implementing period, the management accounting not only analyzes the difference between performance results and expected results, but also analyzes and evaluates the effectiveness of each department and the overall unit for the administrators who obtain information on operational efficiency, as a basis for adjusting the plan for the next period.

In order to assist the managers in measuring, controlling and evaluating division results, the management accounting applies accountability accounting system to classify the organizational structure into responsibility centers, based on which evaluates the results of each department with the responsibility assigned to each one.

1.3.3.4. The contents of management accounting for decision-making functions

All decisions are based on information. The quality of information provided by the management accounting affects the quality of decisions made by managers. Therefore, in order to have the appropriate information to meet a manager's decision-making needs, the management accounting needs to understand the types of decisions, each management level in an organization must make, including short-term decisions and long-term decision.

1.4. The organizational model of management accounting

Each unit has different sizes and characteristics of operation, so the organization of the accounting apparatus in general and management accounting one in particular will also be different to suit that unit. There are three ways of organizing the management accounting apparatus: combination model, separate model and mixed model.

1.5. The factors affecting the application of management accounting

1.5.1. The researches on the factors that affect the application of management accounting

Along with the changes and development of the economy, management accounting has also had many changes, but its change is

not a homogeneous phenomenon. Studies show that changes in the new management accounting system or new technical tools are influenced by both external factors (environment) as well as internal factors (relating to organization). Therefore, there are many studies on the factors influencing the application of management accounting in organizations such as Guilding, c. (1999) who identified influencing factors including: business strategy, uncertain environmental awareness and performance of the organization.....

1.5.2. Some background theories related to factors affecting the application of management accounting

In order to consider and evaluate the impact of factors on the application of management accounting in self-financed public universities, the author, myself, chose a number of theories as the foundation for the research of the topic. They include the uncertain theory (or stochastic theory), representative theory and cost benefit theory.

CHAPTER 2

THE CURRENT SITUATION OF MANAGEMENT

ACCOUNTING IN PUBLIC UNIVERSITIES IMPLEMENTING THE FINANCIAL AUTONOMIC MECHANISM IN VIETNAM.

2.1. The overview of self-financed public universities

2.1.1. The organizational structure of the management apparatus of self-financed public universities

The self-financed public universities' organizational structure includes: University council; rector, vice rector; science and training board, advisory board; department; faculty; organizations for training, scientific and technological research center; campus.

2.1.2. The financial management mechanism of self-financed public universities

The financial management mechanism in public universities implementing financial autonomic mechanism includes the mechanism of creating financial resources (sources of revenue), mechanism of

using financial resources (expenditures) and mechanism financial distribution (setting up funds).

2.1.3. The financial autonomic mechanism of the public universities

For the public universities, when they commit to self-guarantee all operating expenses for recurrent and investment expenditures, are self-financed as follows: they are allowed to decide on tuition fees and non-business revenues. deciding employee's additional income, the use of income sources, and levels of funds.

2.1.4. The accounting apparatus organizational model in self-financed public universities

Depending on the specific operational characteristics and arising economic operations, each university has a different accounting apparatus organization, but generally it is organized according to a centralized model, with similar personnel structure in the apparatus.

2.1.5. The training scale of the self-financed public universities

Depending on the staff and facilities that each university has a different training scale, but in general the training scale of the universities is large, there are some universities that are not only concentrated at the headquarters but also expand the training model through the establishment of campuses and affiliated training institutions.

2.1.6. Synthesizing the results of the pilot implementation of financial autonomy

The positive changes in self-financed public universities such as: the structure of human resources is more reasonable, the proportion of lecturers with the title of professor and associate professor has increased. Regarding finance, the total revenue of the autonomous period of the universities compared with the previous period of autonomy increased 16.6%; The state budget allocated for regular and irregular activities decreased by 16.51%, but the capital for basic construction increased by 85.1%. The expenditure structure of autonomous pilot universities has changed, of which about 40% increase in scholarship spending for students ... However, the pilot autonomy still has problems such as the lack of specific regulations, unidentified autonomy is associated with self-responsibility.

2.1.7. The characteristics of the self-financed public university affects the accounting management

- The service activities of public universities have many similarities with businesses when they are fully autonomous.

- They are decided by themselves and are proactive in exploiting activities, looking for revenue sources, ways to use existing financial resources and assets, balance revenues and expenditures of financial sources to ensure financial and property transparency of the unit.

- They make the estimates of financial revenues and expenditures proactively, take self-responsibility in directing to organize the financial management measures, control revenues and expenditures.

- They decided by themselves and are proactive in building the organizational structure, conduct the establishment, reorganize or dissolve affiliated units, do the recruitment, appointment, dismissal, treatment and building a university development strategy with its own vision and orientation.

- They can decide large training scale.

- There are a lot of functional departments, faculties, institutes, disciplines, and centers in the organizational structure.

2.2 The current situation of management accounting at public universities implementing the financial autonomic mechanism in Vietnam

2.2.1. The current situation of management accounting for planning function

(1) Identifying and classifying costs

The expenses are classified according to the nature of the expenses in the non-business unit, they include: recurrent and irregular expenses. In addition, to serve the accounting records, the expenses are classified according to the circular 107/2017 / TT-BTC.

(2) Cost aggregation object and cost aggregation method

The survey results show that most universities gather direct expenses for each activity: training activities, scientific research activities, service activities. The expenses that incurred related to any activity shall be aggregated with direct costs for that activity. Particularly for general expenses (indirect costs), the general record for

all activities will be firstly recorded by an accountant, then when determining the costs will be allocated to other service activities (besides the main training activities of the university) according to the % specified in the internal spending regulations.

(3) Cost determination method

- For training activities: the actual surveys show that all universities determine costs according to the process. However, the cost of training for each major is not determined for a student/ an academic year, only the total expenditure for the whole academic year, it consists of direct costs and indirect costs.

- For scientific research activities, the short-term training courses are determined by the cost of work. The cost is determined and calculated by each topic, each course. The cost for these activities is set up for each topic, course, ... when all these activities are completed, they will be settled according to each implementation content.

- For other service activities such as canteen, dormitory, parking ...: the cost for these activities is also determined by the job.

(4) Establishing cost norms

The survey results show that 100% of the self-financed public universities have established cost norms and specified in the internal spending regulations adopted at the annual staff meeting.

The division of cost norms construction is the functional units (the training department, the quality management department, the equipment administration department, the faculties ...) which took responsible for setting the quantity norms and the accounting department established cost norms.

The standards for setting cost norms: Basing on norms and standards set by the state, the norms established in the previous year and the regulation on autonomic mechanism of public non-business units.

(5) Establishing estimates

The estimates were made by all surveyed universities according to traditional methods. Based on those, the indexes in the estimate table are made based on the actual performance of the year of implementation and add a value to reflect the estimated increase or inflation of the next year.

The budgeting process are involved in all the functional units, which include non-business units with revenues, business and production units under the university, affiliated units using the university's funds to serve the operation according to functions and duties. For the cost estimates related to many units, the administrators assigns the main responsible unit to actively coordinate with relevant units to synthesize data before transferring to the accounting department. As for Tra Vinh University, the teaching units (faculties / divisions) do not participate in the estimation process directly.

The model for establishing the estimates that the universities applied is a 1 up and 1 down. The departments will make an estimate for the contents of their respective units such as: The training department estimates the enrollment target of the planning year and the training scale of the training systems, training levels; The administrative organization department estimates the contents related to the personnel; The equipment administration department estimates of facilities (procurement, repair ...), equipment; The science and international cooperation department estimates the contents related to scientific research and international cooperation After completing, the units will gather to the accounting department to synthesize and submit to the administrators approving.

2.2.2. The current situation of management accounting for the organization and implementation function

Informative collection

According to the surveyed results, 100% of the self-financed public universities do not design the specific original voucher of collecting information but they use it from the original document system of financial accounting. The documents at these units include mandatory and guiding ones according to the circular 107/2017 / TT-BTC dated 10/10/2017 of the Ministry of Finance.

Systematizing and processing the information

Nowadays, the self-financed public universities are applying the account system according to the circular No. 107/2017 / TT - BTC dated October 10, 2017 of the Ministry of Finance. The surveyed results show that 100% of surveyed subjects say that their unit they are

working for, does not design a separate management accounting account system, depending on information requirements, requiring to manage the units which organize the detailed accounting account system based on the content to facilitate monitoring and management.

Providing the management accounting information

According to the surveyed results, in the reporting system at self-financed public universities now, is mainly compulsory reports under regulations such as financial statements, settlement statements (only universities have received the state budget done). The reports of management accounting are prepared periodically (mainly at the end of the year) or prepared when the leaders request. The current management accounting reports in universities are mainly the reports such as: the statement on the implementation of estimates, the profit and loss statement, the statement on revenue and expenditure from training activities and reporting training results.

2.2.3. The current situation of management accounting for the control and evaluation function

According to the surveyed results, 100% of the self-financed public universities have reports on the performance of departments which include analyzing the difference between operating results and estimates, especially focusing on cost volatility analysis. The cost volatility analysis is done by year, at the end of the year and mainly done by the accounting department with the aim of evaluating performance against the estimate and the previous year.

Accountability accounting

All self-financed public universities surveyed have not applied accountability accounting in a complete and systematic way. The universities do not currently divide their organizational structure into responsibility centers but they perform management based on the functions and tasks assigned to each subordinate unit according to the operating regulations of the universities. The universities specifically base on the state's documents on assessment and classification of cadres, civil servants and officials, and they based on the specific operating conditions of their units to issue regulations on the currently

evaluating and classifying cadres, civil servants, officials and employees of their units.

Balanced score card

The survey shows that most of the new self-financed public universities use a number of methods such as the comparison method to evaluate the level of completion of individuals, divisions in the unit. Until now, there is no university that uses the balanced scorecard method to evaluate performance. Regarding the reporting system to evaluate the results of the operations of departments that are mainly serving financial accounting. Although the universities do not use the balanced scoreboard to evaluate performance, there are a number of universities now that have developed Key Performance Indicators (KPIs) to measure and evaluate the results of the performance of the unit, their departments and individuals.

2.2.4. The current situation of management accounting for decision-making function

Short-term decision

❖ C-V-P relationship analysis

According to the surveyed results, 100% of the self-financed public universities do not determine the minimum number of learners to ensure that the revenues are enough to cover the expenses. In other words, the determination of the break-even point such as: the number of learners and the break-even turnover, in which number it will be accumulated not yet analyzed by self-financed public universities and they have not provided to the administrators to review and make a decision at when opening classes.

❖ Training fee

Fees are determined by the universities as follows:

- For the determination of tuition fees: the self-financed public universities based on investment costs, recurrent operating costs and expected cumulative rates to determine the appropriate tuition fees which must not exceed the maximum fees set by the state and publicly announced for each school year, and at the same time the universities must comply with the regulations applicable to educational institutions belonging to the national education system.

- For short-term training courses: The self-financed public universities are based on the estimated cost for each contract, each training course to determine the revenue.

- For scientific research projects: The determination of the contract value is based on the estimated cost for the project implemented by the head of the project, which is approved by the appraisal council and approved by the rector.

Long-term decision

According to the surveyed results, 100% of the self-financed public universities do not use financial techniques to analyze information. Specifically, for projects which are based on technical and economic reports as a financial basis for project approval. For other long-term decisions, it is mainly based on the cost estimates of the activities to make decisions. This makes financial information incomplete, so the evaluation of investment efficiency only considers the effect of investment in the university's operations, not considering the impact of the financial efficiency to investment plan.

2.3. Assessing the status of management accounting at public universities implementing the financial autonomous mechanism in Vietnam

2.3.1. Advantages

- The content of management accounting for planning function:

+ The identification and classification of costs according to the nature of the expenses in a non-business unit meet the requirements of setting norms and making cost estimates.

+ It is appropriate to aggregate costs for each operation segment of the university (training, scientific research, production, business/ service provision) and the direct cost collective method in universities is suitable with practice.

+ The self-financed public universities train formal universities in large numbers, training time over many years, so it is appropriate to determine training costs according to the process. For the remaining activities such as short training courses, application science contracts which the cost is reasonably determined by the work because these activities are provided upon request of subjects for short periods.

+ The operating costs are set up specific and detailed norms for each activity content and regulated in the internal spending regulation of the unit.

+ The estimating work at the universities is oriented and creates the unity in the estimating process, especially collecting the opinions of leaders of departments, faculties/ divisions ... in the process of making the estimate, it helps to make it close to the reality, it reflects the specific operation of the unit accurately.

- *The contents of management accounting for control function:*

The management accounting has provided the different analysis of reports. These reports have partly assessed the implementation of the organizational situation, helping managers control the implementation of the plan / estimate, finding out the causes of the difference to adjust on time to make sure that they are not to exceed the plan / cost estimate.

- *The content of management accounting for assessment function:*

The universities based on the assigned tasks for each unit, each individual, and the regulations of the state which guide the assessment and classification of employees to develop the evaluation criteria. Although this assessment method is heavy on qualitative terms, has not yet been specific, it also helps managers have a basis as well as information to evaluate the performance of managers at all levels, each individual and the whole organization.

2.3.2. Limitations and reasons

2.3.2.1. Limitations

- *Management accounting for planning function:*

+ The classification according to the behavior of costs to serve the provision of valuable information to help administrators perform the decision-making function which has not been applied by schools.

+ Although universities have gathered direct costs for each activity, indirect costs have not been allocated according to reasonable criteria, only set a fixed rate to allocate, so the calculation of cost for each activity is not highly reliable.

+ The training costs in units are determined by the school year, training costs for each major for a student/ academic year have not been done by the schools.

+ The estimating system is well built, closely, with the participation of affiliated units, however, there are still a number of universities that just stop for functional departments, not yet extended to the units which perform the teaching function.

- *Management accounting for the control function:*

The reports of different analysis only show the level of volatility through numbers (absolute and relative), not analyzing the effects of changes in quantity and price on fluctuations deeply. Therefore, the manager does not have enough information to make reasonable adjustments for the next budget period as well as make operating decisions for the operations of the unit. In addition, the analysis of differences in universities is mostly done at the end of the estimate year, so bad changes, if arising in the period, will not be detected in time to have appropriate adjustment solutions. This affects the administrator's control effectiveness.

- *Management accounting for assessment function:*

+ The universities only assess the results of individuals and teams that mainly based on the regulations of the state and specific functions and tasks of each individual and unit to build a system of evaluative criteria in general, not in specific yet. Although all universities have decentralization in management, they have not clearly established responsibility centers, so the criteria for evaluating the responsibility of managing revenues and expenditures as well as the efficiency of investment has not been built.

+ There have been many studies around the world on the application of balance scorecards in the organizations of public sector and they showed the effectiveness when applying balance scorecards in this field that is as effective as applying in enterprises. This shows the importance and efficiency of applying balanced scorecards in organizations. However, self-financed public universities in Vietnam have not used this approach.

- *Management accounting for decision-making functions:*

In the surveyed public universities implementing the self-financing mechanism, almost no university applies CVP analysis in the decision-

making process for admission, selection of training majors, quitting ineffective majors.

2.3.2.2. Reason

Firstly, the management accounting is shown in the circular No. 53/2006 /TT-BTC about the legal aspect, that guides the application of management accounting in enterprises. In this circular, the management accounting is instructed to apply mainly to enterprises, with other units that it depends on their specific operating characteristics, to be applied how to suit their units and it is not obligatory. This is also one of the reasons that management accounting is mainly applied in enterprises (only applied in large businesses).

Secondly, the characteristics of public non-business units in general and public universities in particular operate mostly by the budget of the state, so the financial and accounting work, asset management work ... according to standards, norms ... which are regulated by the state. Therefore, the application of management accounting in these units has not been paid attention.

Thirdly, the accounting department has not taken the initiative and advised the Rector Board on the application of management accounting in the accounting apparatus of the unit.

Finally, the contents that the universities are doing such as building norms and establishing estimates are mandatory for public non-business units according to regulations, the universities only perform to meet the requirements, but they do not really apply the management accounting, the ongoing contents are only the expression of the management accounting so that there are still many limitations in these units.

2.4. The factors affecting the application of management accounting at public universities implementing the financial autonomic mechanism

Based on an overview of studies, background theory and comparison of conditions, content and factors affecting the application of management accounting, the author built the initial research model that expected to include 05 factors: (1) Leaders' perception about management accounting; (2) Strategy of the organization; (3) Scale; (4)

Culture of the organization; (5) Expenses for the organization of management accounting.

2.4.1. Research model and research hypothesis

The research model of the factors that affects the application of management accounting in public universities with financial autonomic includes 05 factors. Specifically, management accounting in self-financed public universities will be measured by the following factors: the leaders' perception about management accounting, the organizational strategy, size, the organizational culture and costs for organizing management accounting.

2.4.2. Build scale

Factor 1: Leaders' perception of management accounting

Factor 2: Organizational strategy

Factor 3: Scale

Factor 4: Organizational culture

Factor 5: Costs for organizing management accounting

2.4.3. The results of discussing with experts

From the original research model, the research model has been revised after discussing with experts which includes 6 factors affecting the application of management accounting in self-financed public universities as follows: leaders' perception of management accounting; organizational strategy; size, organizational culture; costs for organizing management accounting; and the qualifications of accounting staff.

2.4.4. Surveyed results

Statistical results from SPSS, the analysis about EFA discovery factor, multivariate retrospective analysis ... showed that 06 factors in the surveyed model all have an impact on the application of management accounting at self-financed public universities. The results of testing the causal relationship between concepts in the formal (standardized) theoretical model show the key value (importance) of the factors that affect the ability to apply management accounting are very different. Six representative factors were classified by decreasing influence including: organizational culture, size, leaders' perception about management accounting, costs for organizing management accounting, strategy of the organization, the qualifications of accounting

staff with the results: 20.2%, 19.5%, 18.3%, 15.1%, 13.6%, and 13.2% which effect to ncrease the feasibility when applying management accounting to public universities implementing the financial autonomic mechanism.

CHAPTER 3

IMPROVING MANAGEMENT ACCOUNTING AT PUBLIC UNIVERSITIES IMPLEMENTING THE FINANCIAL AUTONOMIC MECHANISM IN VIETNAM.

3.1. The strategy and developmental direction of self-financed public universities in Vietnam

With the current integration at present, the increasing demands of the society and the increasingly highest competition in the enrollment process between universities that they must pay attention to improving the quality of training such as increasing investment in facilities, expanding enrollment conditions, building advanced curriculum ... towards research/ applying-oriented university model, multi-major, multi-field, they are autonomous universities which have a modern, intelligent and professional management system actively attract highly qualified human resources and top experts in training and researching.

3.2 The perspective of perfecting the management accounting at public universities implementing the financial autonomic mechanism in Vietnam

- Management accounting is a managing tool of educational institutions in general and the self-financed public universities in particular.

- Applying the management accounting must be consistent with the strategy, objectives, operational characteristics and management of public universities.

- It is necessary to ensure that the functions are fully promoted and in accordance with the features of management accounting.

- It is necessary to identify the contents of management accounting with orientation, focus and effectively exploiting technical methods of management accounting.

- It must be useful and economical.

- The management accounting and financial accounting must be integrated in the same system to achieve the goal of management accounting.

3.3 The requirements for completing the management accounting at public universities implementing the financial autonomic mechanism in Vietnam

- It must be consistent with the operational characteristics, scale, organizational structure, and the scope of activities of each university.

- Perfecting the management accounting must be consistent with the current system of policies and laws.

- Organizing the management accounting apparatus must be attached to the functional departments in the universities to fully perform the administrative functions from planning to implementation, control and decision making.

3.4 Perfecting the management accounting at public universities implementing the financial autonomic mechanism in Vietnam

3.4.1. Perfecting the management accounting for planning function

(1) Identify and classifying costs

To serve the requirement of planning and controlling costs as well as making effective decisions in the process of training and scientific research, the author propose universities to use two criteria for cost classification: classifying costs by level of activity (variable costs and fixed costs) and classifying costs according to the relationship between costs and cost users (direct and indirect costs).

(2) Cost aggregator and cost method

❖ ***The method of determining cost by work:*** applying to contracts, projects, short-term training / refresher courses ... Before implementing, it is necessary to prepare a detailed cost estimate for each specific task. The budget balance sheet will be made as completed accounting tasks according to the implemented contents based on the actual costs incurred.

❖ ***Process costing method:*** applying to the main training activity of the university. The process of training activities in universities in general and self-financed public universities in particular takes a relatively long time. Therefore, it is appropriate to determine the cost of

training according to the operating process. The basic process of this method includes:

- Determining who will be calculated the training costs
- Determining the total cost of training
- Converting students of all levels, training forms to standard training ones
- Determining the cost allocating coefficient
- Developing cost reports for each level, training form

❖ ***Determining cost based on activity***

The activities of universities are teaching, scientific research and other service activities associated with the functions and tasks of each university. To carry out these activities, there are the costs such as: facilities, libraries, laboratories, practical laboratories, ... The budget of the faculties in universities is usually calculated based on the quantity of lecturers, number of students, number of credits taken. It is common to regard courses of all disciplines as the same according to the traditional calculation in university. This is the disadvantage of the traditional method, in addition there is another disadvantage is that the cost is allocated on a unique basis, regardless of between the variable and fixed fees. To overcome these shortcomings, the author propose to use activity-based costing method.

(3) Establishing cost norms

To ensure the feasibility of the estimated data, The universities should periodically review to update promptly if there are necessary cases that must be changed to suit for the actual situation.

(4) Establishing the estimate

The budget estimating system includes revenue and expenditure estimates. The proposed estimating model is informative model 2 down 1 up. Under this model, the rector board will firstly assign the budgeting task which is assigned to the departments in the implementing unit. The assigned departments will gather to the accounting department after the budgeting task is completed, and the accounting department will submit them to the rector board for approval. Once the budget has been approved, it will be handed over to the departments for implementation.

After the estimates have been approved and deployed to each unit, in the process of implementation, universities must request the report of the units to evaluate the implementation of mid-term estimates (each quarter or each 6 months) to compare and confronting between actual data and estimated data in order to promptly detect fluctuations in costs to find out the cause and to have solutions for adjustment.

At the end of the estimate year, the report on the implementation of the estimate will be made by the affiliated units. The basic contents of the evaluative reports must reflect the overview of implementing the assigned tasks of each unit; They analyze difficulties and advantages in the implementing process and make recommendations on mechanisms and policies to facilitate the implementation of the assigned plan.

3.4.2. Perfecting the management accounting for control function

In order to control the activities well, especially cost control, in addition to year-end evaluative reports, affiliate units in universities need to make reports on the implementation of the estimates/ plan in the period (month, quarterl, 6 months ...). The reports should reflect the actual costs incurred compared with the cost estimated in detail, according to the cost items of each division, thereby determining the difference between the implementation and the cost estimates, which also need to clearly define controllable and uncontrollable costs. The head of the units must explain the cause of the change and propose solutions to overcome.

3.4.3. Perfecting the management accounting for the assessment function

Accountability accounting

The author propose to apply the accountability accounting to control costs and evaluate the performance of departments in public universities implementing financial autonomic mechanism through accountability accounting which is the cost centers including: the group of standard cost center and the group of cost center.

Evaluative criteria for the center of norm cost: The rate of cost/ a teaching hour; The rate of cost/ a student; The rate of salary and overtime/ a student ... Evaluative criteria for cost-estimated center: The rate of cost/ a student; The rate of salary/ a student; The expense ratio

of stationery/ a student

Balanced score card

In order to ensure prestige, empowerment and building strong brand, the self-financed public universities need to synchronously coordinate goals to improve the quality of training, maintain sustainable development. Therefore, using the balanced scoreboard to measure and evaluating performance at self-financed public universities in Vietnam is essential and appropriate.

In order to use the balanced scoreboard to measure and evaluate the effectiveness of operations, The self-financed public universities need to perform the following tasks:

- Defining the vision, mission and developmental strategy.
- Defining the evaluative aspects effective of strategic implementation built and the cause-and-effect relationship between them.
- Defining the specific goals of each aspect to be achieved and developing measurement indicators for each goal.
- Measuring and evaluating the actual attainment level of each indicator.
- Developing the regime of reward and discipline based on the level of implementation of the measurement criteria and the evaluation of performance.

3.4.4. Perfecting the management accounting for decision-making functions

Applying the model of CVP relationship analysis to analyze the relationship among the costs, number of students and income in choosing the optimal plan to make decisions of the administrator. Based on the actual situation in self-financed public universities, the implementation of CVP analysis can be done with the break-even point analysis (determining the minimum number of students to cover expenses). is necessary and feasible.

3.5. The organizational model of management accounting at the public universities implementing the financial autonomic mechanism in Vietnam

Based on the conditions, characteristics as well as the scale of operations of the self-financed public universities, the accounting

apparatus should be built according to the model of combining financial accounting and management accounting. When applying this model, the accounting apparatus will perform the tasks of financial accounting and management accounting at the same time, so the information of these two departments will be closely combined to help the process of information acquisition quickly, timely, moreover we make use of available human resources, save costs for the unit

3.6 The conditions for implementing solutions to perfect organizing the management accounting for self-financed public universities in Vietnam

3.6.1 On the side of the state and regulatory agencies

The decree 86/2015/ND-CP should be amended to remove regulations on the highest tuition fees in the way: Raising the highest tuition fees, applying many highest fees for different types of universities. Accordingly, it is necessary to develop a roadmap to calculate the full cost of higher education in the tuition fees, creating conditions for the public universities to recover the necessary training costs fully.

Allowing universities to implement an autonomous salary mechanism based on results of operations as businesses, that is, universities based on their financial situation and operating results to decide the salary paid to their employees with the purposes to attract and retain highly qualified human resources; improve the lives and increase the income of cadres, officials, and employees so that they can engage and strive to fulfill their tasks well, towards the common goals of the organization.

3.6.2 On the side of the self-financed public universities

Firstly: Establishing organizational culture

The establishing of the organizational culture is a factor that affects the management accounting significantly at the unit. A university with a strong culture means a strong consensus among the members of the organization about common goals, from strategy to sharing and seeing short-term goals. From there, it will increase the chances of success when the technical tools of management accounting are applied.

Secondly: Scale

The research results show that scale is one of the factors affecting management accounting in the units (it is in rank 2), but not so that the universities expand the scale in a subjective and idealism way. The characteristics of Vietnamese universities in general and the self-financed public universities in particular are now training by majors and forms, so the content of management accounting must be designed according to each major, each training form.

Thirdly: Raising the awareness of leaders about management accounting

The rector board should pay special attention and support to the accounting department because it provides information and advices in the field of financial management, especially in the present autonomous conditions.

Fourthly: The costs for implementing management accounting

There is a harmonious combination between financial accounting and management accounting, it is a scientific, rational combination, both supporting and complementing each other and ensuring economic benefits for the unit. However, it is necessary to have a clear definition of the functions and tasks of each department in collecting, processing and supplying information.

Fifthly: Organizational strategy

The universities in our country in general and self-financed public universities in particular need to focus on investing human resources and materials in the fields that is the needs of society. The universities need to actively renew their training programs in the direction of research - development, career and application, linking training with scientific research, improving practical skills; innovating teaching and learning methods, increasing the training links between majors and universities.

Finally: The qualification of accountants

Accountants play an important role in organizing the management accounting because they are the ones who directly operate the accounting work in general and the management accounting in particular. Therefore, it is necessary to focus on the training and fostering to improve professional accounting skills and management

accounting for the accounting staff in the unit.

CONCLUSION

The thesis with the topic "*Management accounting at public universities implementing the financial autonomic mechanism in Vietnam*" has been completed with the following basic contents:

The first one is systematizing and clarifying the theoretical framework for the management accounting in public non-business units implementing the financial autonomic mechanism in Vietnam;

- The second one is researching on the current situation of the management accounting at public universities implementing the financial autonomic mechanism in Vietnam. Evaluating the achieved results on that basis and pointing out the limitations and their causes;

- The third one is identifying the factors that affect the application of the management accounting at public universities implementing the financial autonomic mechanism in Vietnam, and measuring the influence of each factor at the same time.

- The fourth one is proposing solutions to perfecting the management accounting at public universities implementing the financial autonomic mechanism in Vietnam.

With the basic content of the performed thesis, the author hope that the research results of the thesis will make a certain contribution in completing the theoretical and practical basis of applying management accounting in the non-business units in general and the public universities implementing financial autonomy in Vietnam in particular. I hope to receive many comments from scientists, experts in the field of accounting for the more complete thesis.

**THE LISTS OF THE AUTHOR'S PUBLISHED WORKS
RELATED TO THE THESIS**

1. Le Quoc Diem (2015), *The organization of the work of accounting management for universities in Vietnam*, The Journal of Asia-Pacific Economics.
2. Le Quoc Diem (2017), *Management accounting - an essential management tool for public universities in the context of implementing autonomy*, Financial Journal.
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