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**ENHANCING THE ACCOUNTING ORGANISATION  
AT VIETNAMESE PUBLIC UNIVERSITIES  
IMPLEMENTING FINANCIAL AUTONOMY**

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## **PUBLICATIONS BY THE AUTHOR**

### **I. Publications as part of the study**

1. Dang Quynh Trinh (2020), Improving the system of accounts for public universities to implement their financial autonomies, *Journal of Finance*, issue 2 - November 2020 (741), P.80-82.
2. Dang Quynh Trinh (2019), Some problems in financial accounting in public or civil services entities, *Aisa - Pacific Economics Journal*, No. 540, May 2019, P.90-92.

### **II. Other publications**

3. Dang Quynh Trinh, Nguyen Thi Kim Anh, Nguyen Thu Hang (2018), Improving finance in terms of ERP application at College of Economics and Business Administration - Thai Nguyen University, *Aisa - Pacific Economics Journal*, No. 515, April 2018, P.87-88.
4. Dang Quynh Trinh, Tran Van Hung (2018), Business income tax inspection for non-state enterprises in Pho Yen district, Thai Nguyen province, *Journal of Science and Technology*, Tập 179, No. 03, 2018, P.187-192.
5. Dang Quynh Trinh, Dang Thi Ngoc Quynh (2017), Some issues on the use of fixed assets at public universities, *Journal of Finance*, issue 2 - March 2017 (653), P.91-92.
6. Dang Quynh Trinh (2016), Measures contributing to completion of accounting items extracted from salary, *Journal of Socio - Economic information and forecast*, November 2016, P.8-13.

### **III. Conference presentations**

7. Dao Thi Minh Thanh, Dang Quynh Trinh, Corporate accounting operation in the context of industrial revolution 4.0, *International finance and accounting research Conference, IFARC 2019*, Hanoi 2019, P.537-542.

## **INTRODUCTION**

### **1. RESEARCH STATEMENT**

For decades, Vietnamese government has identified the crucial role and contribution that tertiary education could make to the national development, governmental concern and remarkable investments have been spent for the university system and its innovations and quality improvements. Among the attempts to promote Vietnamese higher education, a recent policy allowing administrative autonomy in public universities is noticeable; and as part of it, financial autonomy is considered a determining factor influencing the implementation of other aspects of autonomy, including managerial, personnel and academic, in these bodies. To put the policy in action, the government issued Resolution 77/NQ-CP (hereby called Resolution 77) dated 24/10/2014 on Piloting innovations of operational mechanism in Vietnamese public university system for the years 2014-2017. Accordingly, public universities retain their autonomy in various aspects, consisting finance. They can organize their own financial administrations, determine payments for regular expenses and investment, and take comprehensive legal responsibility for their decisions.

However, in order to perform the autonomy, the universities implementing Resolution 77 necessarily improve the efficiency of their management. An effective accounting system applying accounting tools are undeniably helpful for the leadership at the universities, since data can be exported quickly and precisely when required by the leaders for decision making and operational tasks of the university. This could be achieved by enhancing the accounting organisation; and for this reason, the accounting improvement should be considered a strategic solution for the universities to target the autonomy.

Since Resolution 77 was piloted in a number of universities, the autonomy has led to numerous changes in the piloting universities, particularly in financial management. The accountancy was reorganised into new accounting model, aiming to improve the quality and preciseness of accounting data. However, many obstacles from the current laws and regulations prevent these universities from operating the governmental policy on promoting university autonomy. For example, the governmental guidelines of accounting documentation in state-owned organizations, provided by Circular

107/2017/TT-BTC issued on 10/10/2017, causes considerable difficulties for the universities to perform their financial autonomy in practice. In addition, the inconsistency of the current legal documents of Vietnam, such as the accounting system, the Law on managing and using public property, Business Law, etc. pose serious problems to the accounting operation in the universities. Last but not least, the 4.0 Industrial Reform taking place reveals the inappropriateness of the old accounting model at Vietnamese universities, and it requires changes and involvement of modern technologies so that the university accountancy is able to meet growing demands of financial management and access by both internal and external users of the universities. In such circumstance, it is undoubtedly that public universities, particularly those pursuing the autonomy, must improve their accounting organization theoretically and practically. For the above reasons, the researcher conducted the study on “*Enhancing the accounting organisation at Vietnamese public universities implementing financial autonomy (PUFA)*”.

## **2. LITERATURE REVIEW**

### **(1) Studies on adoption of international accounting standards in the public sector of Vietnam**

A set of public accounting standards is considered the basis for each country to manage the accounting system applicable to its public entities. International Public Sector Accounting Standards (IPSAS) has been developed to provide a foundation for countries to draft their national standard set for the public sector. Because of its global significance, many researches have been conducted around IPSAS, focusing on either the set of standards itself or the adoption of the standards in the various contexts of countries. James L. Chan (2006) in his article titled “IPSAS and Government Accounting Reform in Developing Countries”, identified the essential role of IPSAS as the north-star orienting the reforms of public accounting in many developing countries. In the same vein, some presentations in a conference taken place in Vietnam namely “Orientation and roadmap for adopting IPSAS into Vietnamese context” (2007), raised a similar viewpoint of advantages to implement this international standard set in Vietnam and benefits of replacing the accrual accounting for a cash-based one. Findings of two other researches in Nigeria and Iraq also advocated IPSAS adoption in public entities in these developing countries. N.B Ijeoma (2014) from Nigeria had a publication titled “The impact of International Public Sector Accounting Standard on

reliability, credibility and integrity of financial reporting in state government administration in Nigeria”; and Mohammed Huweish Alshujairi (2014) from Iraq had an article on “Government accounting system reform and the adoption of IPSAS in Iraq”. While IPSAS was adopted as part of public sector reforms in these countries, the articles presented evidences of its noticeable contributions to the increase of the levels of the accounting accountability and transparency in the public entities. It also contributes to improve the international comparability of their accounting systems to the world. In Vietnamese context, the IPSAS application was discussed in two publications, one by Cao Thi Cam Van (2016) on “Factors influencing the development of public sector accounting standards for Vietnam, given the adoption of IPSAS”; and the other by Duong Thi Van Anh (2016) on “Adapting public sector accounting standards in Vietnam and issues for discussion”. Both of the Vietnamese authors highlighted the necessity for Vietnam to establish an accounting standard set targeting the public sector, and suggested to take IPSAS as a fundamental basis for the standard development. All in all, the researches all denoted the significance and an apparent trend to adopt IPSAS to the accounting system by nations including Vietnam.

## **(2) Studies on the accounting in public entities**

Research has been conducted on the accounting organisation in various industries of the public sector in Vietnam, consisting of labour, war invalids and social affairs, health care, geology and minerals.

Some research aimed to propose financial accounting enhancements for the entities of labour, war invalids and social affairs. The research by Phan Thi Thu Mai (2012) focused on “Enhancing the accounting system in order to improve the financial administration in the entities of Ministry of Labour - War Invalids - Social Affairs”. Ma Thi Huong (2015) undertook another study on “Organising the accountancy in state entities of General Department of Geology and Minerals of Vietnam”. On a broader range, Jacqueline L. Reck et al. (2018) in their publication titled “Accounting for Governmental and Nonprofit Entities” presented foundational principles of accounting and practical guidance, which can be appropriate to Vietnamese entities. His book provided guidance for recording transactions and methods for preparing financial statements applicable to non-profit and public entities such as universities and health care services.

For agencies functioning in science and technology, Tran Viet Hung’s (2018) study on “Accounting organisation in research centres

of state corporations” proposed both financial and managerial solutions to enhance the accountancy in the targeted centres. He highlighted the necessity to improve management accounting, which facilitates managers to monitor departments undertaking their assigned tasks and responsibilities. Managers can also export financial data by the categories of activities for different administrative purposes.

Another research by Bui Thi Yen Linh (2014) in medical services shifted the focus onto factors influencing the accounting operation in public medical centres. In her article namely “Accounting in public medical centres in Quang Ngai”, Bui denoted some influentials and recommended investment to be spent on information technology to improve the quality of accounting operation. However, while realising factors contributing to an effective accounting system, this study had yet missed to mention a practical model of management accounting supported by IT tools to be applied in governmental health service entities in Quang Ngai.

In addition to Bui’s (2014), there was a few other noticeable researches relating to health care services, but attended to management accounting. Two of them include Nguyen Thi Lan Anh’s (2016) study on “Accountability in accounting in hospitals under Ministry of Health, Vietnam”, and Leslie G. Eldenburg’s (2017) on “Management accounting and control in the hospital industry: A review”. The studies emphasized the significance of management accounting in the medical industry, particularly when autonomy is being encouraged and widely implemented in state agencies. Lately, Nguyen Thi Phuong Anh’s (2020) study on “Improving the accounting organisation in traditional medicine hospitals in Hanoi” investigated the accountancy in the selected hospitals, with a focus on exploring both financial and management accounting organisations in these entities. However, since the hospitals targeted by the research are partially self-financed, mainly for regular expenditures, Nguyen’s findings and recommendations therefore cannot be generalised for the agencies in a larger scale of implementing the autonomy for both regular and investing expenditures. Balanced Scorecard (BSC), a new method to evaluate the financial performance of an agency, was also missing in her study.

Unlike Nguyen’s (2020), another research conducted in the same year 2020 by Hy Thi Hai Yen, recruiting participants who are fully self-financed hospitals located in Hanoi, as presented in her publication namely “Accounting in central general hospitals in Hanoi

adopting financial autonomy”. Because of the difference of informants, Hy’s (2020) recommendations were closer to the circumstances facing public entities applying financial autonomous mechanism. Apart from the accounting organisation, the researcher also investigated how the public medical agencies adopted financial autonomy into their process of receiving - processing - exporting accounting data. Nevertheless, the study provided evidences that IT applications for accounting in these entities have not met the requirement of the current 4.0 technological reform. They tended not to take into account installing high technologies to support financial management in their entities, such as cloud computing technology, blockchain, etc.

### **(3) Studies on the accounting organisation in public universities**

Accounting in public universities has been investigated by many researchers in the world and in Vietnam; and their primary concern is often management accounting. Some researches in other countries are worth noticing, including “Activity-based costing and central overhead cost allocation in universities: A case study” by Andrew Goddard et al. (1998), “Development and implementation of a university costing model” by Teresa García-Valderrama et al. (2006), “Perceptions of preparers and users to accounting change: a case study in an Australian university” by Nazmi Sae’b Jarrar et al. (2007), and “The implementation of ABC - The case of a public university” by Amizawati Mohd Amir et al. (2010). The above mentioned studies similarly focused on investigating how public universities in the different countries operated the cost accounting method, and how beneficial this method was to the universities, particularly for the situations where their leaders need to consult accounting data to make decisions on expenditures.

Local researchers conducted a number of studies on accounting in Vietnamese universities. Nguyễn Thị Minh Hằng’s study (2004) on “Accounting in universities affiliated with Ministry of Education and Training” proposed recommendations to enhance the financial accounting of the targeted public universities. A later study by Ngo Tuan Anh (2017) namely “Enhancing the accountancy in institutions affiliated with Ministry of National Defence” suggested IT enhancements and the application of the enterprise resource planning



(EPR) software into accounting administration in the institutions. Pham Thi Thu Thuy's investigation into "Management accounting in state universities of economics and business in Hanoi" recommended a cost accounting method basing on ABC activities in the universities. Le Quoc Diem's recent study on "Management accounting in Vietnamese public universities implementing financial autonomy" discussed influential factors to management accounting and proposed solutions to better the accounting in the targeted universities.

#### **(4) Studies on the implementation of the balanced score card method by public entities**

Balanced score card (BSC) is a new method for organising management accounting. Reversely, it is a useful instrument for evaluating performance of entities. For this reason, many recent researches have exploited this method to evaluate the effectiveness of the accounting system in organisations. Some noteworthy studies relevant to BSC in governmental agencies and public universities in various countries were conducted, namely "Balanced scorecard: Step-by-step for government and nonprofit agencies" by Niven (2008), "Applying the balanced scorecard to education" by Karathanos et al. (2005), "The application of balanced scorecard in the performance evaluation of higher education" by Shun-Hsing Chen et al. (2006), "Using balanced scorecard (BSC) to improve quality and performance of vocational education and training (VET): A case study in Singapore" by Tiew Ming Yek et al. (2007), "Assessing global performance in universities: an application of balanced scorecard" by Carlotta del Sordo et al. (2012), "A review of balanced scorecard framework in higher education institution (HEIs)" by Fahmi Fadhl Al-Hosaini et al. (2015). The studies listed above all aimed at exploring the usefulness of BSC, aspects composing this method, criteria to measure the aspects, and recommendations to better BSC aspects, so that the entities will be able to achieve their strategic goals.

Some studies about BSC by local researchers were conducted to contributing to the improvement of management accounting in Vietnamese agencies. In her article named "Financial autonomy in state universities with the orientation to management accounting enhancement", Pham Thi Thanh Van (2018) mentioned a number of accounting improvements, including the BSC method for measuring

and evaluating performance of the participated universities. She recommended 4 aspects of BSC and 34 criteria for measuring the aspects. Another study by Le Quoc Diem (2021) titled “Management accounting in Vietnamese public universities implementing financial autonomy”, proposed BSC as a potentially effective model of accounting for the targeted universities to promote their autonomy. Accordingly, financial autonomy can be realised into 4 aspects, 14 financial goals, and 20 criteria to measure the goal attainment of the agency. However, due to the small number and scales of the studies, these researches have not yet covered all essential goals and measuring criteria applicable for a wide variety of activities in the majority of Vietnamese public institutions.

### **(5) Research gaps**

Despite of the fact that many researches have been organised around Vietnamese accounting system in public entities, management accounting, and balance scorecard, some gaps have not be tackled and solved.

Some researches, employing either qualitative or quantitative method, suggested a number of factors influencing the public accounting. However, these factors are still discrete, and the recommendations basing on research results are applicable for the participated agencies of each research, but might not be generalized for the majority of governmental entities. Therefore, it is necessary for further researches to synthesize the previous findings and categorise the recommended factors, in order to provide a general literature of the public accounting in Vietnam.

Furthermore, IT application has been identified as a solution to improve the accounting organisation in the entities, particularly in the collecting-processing-providing procedure of accounting data. Moreover, the implementation of Vietnamese policy to promote autonomy in governmental entities, starting with financial autonomy for regular and investing expenses, makes IT investment a subjective requirement for entities to improve the speed and effectiveness of accounting data management and process. Therefore, IT application into accounting organisation and management has been an additional focus of recent studies about accounting. However, the previous researches indicated limitation of IT applications, and a missing of high technological applications suggested for the 4.0 reform, such as cloud computing technology, blockchain, or artificial intelligence, in

the accounting operation of all the agencies participated in the researches. The inclusion of IT application to support every single accounting content has not been tackled by Vietnamese research so far.

Last but not least, to enhance the management accounting, the previous studies proposed to implement balanced scorecard for state universities, particularly those implementing financial autonomy. BSC was believed to provide an effective method for the universities to evaluate their performances, which often compose of 5 aspects: finance, customers, internal processes, academic activities, and development. Criteria set for BSC method would facilitate the evaluation of university operations, and keep them stick to and so achieve the publicized goals, vision, and strategic plan. However, the current evaluating criteria set for BSC is inadequate to match all essential activities of universities, therefore it has not been generalised for implementation of the majority of Vietnamese public universities.

### **3. RESEARCH OBJECTIVES AND QUESTIONS**

#### **Research objectives**

This study aimed at investigating the theory and practice of the accounting organisation to facilitate Vietnamese public universities who are currently implementing the financial autonomy, in the context of Vietnamese governmental reform on public accounting and the Governmental Resolution 77/NQ-CP on Innovating the operational mechanism at Vietnamese public universities for the period 2014-2017 (hereby called Resolution 77). Basing on findings of the research, recommendations were made for the public universities implementing financial autonomy (hereby called PUFA).

The main research objectives include:

- Synthesizing the literature of public entities, a financial autonomous mechanism in the entities, and the case of Vietnam. It included definitions, classification, and characteristics of the targeted entities.
- Reviewing the literature of public accounting. It studied definitions, principles, contents and applications for public accounting organisation in entities. The IT applying content was embedded and mentioned along with discussions of each accounting content. It also synthesized and generalized influencing factors to accounting matters in the self-financed public entities.

- Synthesizing and analysing the practice of accounting organisation in Vietnamese PUFAs, then discussing advantages and disadvantages of the accounting practice at these universities.

- Recommending solutions for changes and conditions facilitating the implementation in order to enhance of the accounting organisation in Vietnamese public universities applying financial autonomy.

### **Research questions**

(1) What are theoretical bases for public accounting and the accounting organisation which follows the data collecting-processing-providing procedure? What factors influence the accounting organisation of public entities when they are self-financed for their recurrent and investing expenses?

(2) How do Vietnamese PUFAs practise the accounting organisation? To what extent does it meet users' demands economic financial data? What achievements and difficulties do they have when implementing the revised Vietnamese accounting system for public service entities regulated by Circular 107/2017/TT-BTC? What cause the difficulties?

(3) Should balance scorecard be an applicable method for evaluating the performance of Vietnamese PUFAs? What improvements need to be made in order for the accountancy of the PUFAs to meet increasing demands for financial data access of various users?

## **4. RESEARCH SUBJECT AND SCALE**

- **Research subject:** The accounting organisation at Vietnamese public universities being self-financed for their recurrent and investing expenses, while they were implementing the university autonomy as regulated by Resolution 77.

### **- Research scale:**

#### ***Timeline***

Informant selection and data collection were undertaken in the selected universities from 2018 to present, as soon as the implementation of Circular 107/2017/TT-BTC on the revised Vietnamese accounting system for civil service entities (from January 2018 to September 2020).

#### ***Participants***

The research involved 23 Vietnamese public universities being self-financed for their recurrent and investing expenses, who were approved by the government to participate the piloting project for Resolution 77 to innovate the operational mechanism at universities.

### ***Research focus***

The research aimed at gaining theoretical and practical insights into public accounting and financial autonomy, and seeking for comprehensive solutions to enhance the accounting organisation in the selected universities. It placed a focus on studying the financial and management accounting aspects while the universities were self-financed for recurrent and investing expenses.

## **5. RESEARCH METHODOLOGY**

### **5.1. Research methodology**

The study applied the dialectical materialism proposed by Karl Marx and Friedrich Engels for the research methodology. Throughout the study, theoretical perceptions shed light on the investigation for insights of the public accounting theory, and exploration of the reality of the theoretical adoption in public entities, international and Vietnamese experiences. Basing on those fundamental understandings, the research was designed and proceeded with the selected universities. The research aimed to gain profound insights of how these entities were implementing Vietnamese new accounting guideline, and to what extend the governmental guideline supported or constrained the universities to practise financial autonomy, another new policy of Vietnamese government.

### **5.2. Research methods**

#### **5.2.1. Data collecting instruments**

##### ***a. Secondary data***

Secondary data were utilised in this study for literature review relevant to public accounting, accounting systems in civil services and public universities, and their adoptions by international and Vietnamese cases. The data were synthesised and analysed to provide theoretical bases for understanding the accountancy in Vietnamese PUFAs. The data sources were written materials relating to the research subject matter, including books, articles, research reports, theses, legal documents, and publicised financial statements, documents, and records of various entities.

##### ***b. Primary data***

Primary data were collected in this study, through interviews and surveys with informants from the selected universities implementing financial autonomy. The key data collecting instruments include:

\* **Survey:** 2 questionnaires were designed to address 2 groups of informants, which are managerial staff, and accountants.

\* **Interviewing:** Interviews were conducted to gather expertise opinions and opinions of the floor workers. An interview protocol was designed to guide the interviews. 4 following groups of informants were getting involved:

- Policy makers from Ministry of Finance, and Ministry of Education and Training;

- Auditors from State Audit, who are expertise for monitoring and checking the accounting operation by entities;

- University staff and lecturers, who were doctoral, working in a Vietnamese public university, and possessing at least 15-year working experience in accounting or auditing;

- Accountants and accounting administrators from the selected PUTA universities.

The involvement of a wide range of informants working in different levels of the accounting system would contribute to improve the subjectiveness and a multi-facet view of the research findings, and the comprehensiveness of the research recommendations.

\* **Documentation:** Primary sata were also gathered from accounting documents, records, financial statements, and others relevant to the research subject.

### **5.2.2. Data process and analysis**

\* **Data process:** The research data was processed and synthesised on Excel Microsoft software.

\* **Data analysis:** The study applied the methods of qualitative analysis, descriptive statistics, inferential statistics, comparision and contrast.

## **6. CONTRIBUTIONS OF THE STUDY**

- **Theoretical contributions:** This study presented a systhesis of literature and theories relevant to public accounting, a data processing approach adopting the receiving-processing-providing procedure, and adoptions of the theories in international and Vietnamese contexts. The study subjected to the accounting organisation at public entities who implement financial autonomy and be self-financed for recurrent and investing expenses. In addition, it also reviewed literature on the application of updating high information technologies into the accountancy in order for the public agencies to catch up with the industrial reform 4.0 of the 21<sup>st</sup> century.

- **Contributions to the accounting practice:** The study systemised the accounting practice in Vietnamese public universities, particularly those applying the new governmental policy of financial autonomy. Discussions were made on both advantageous outcomes of

the accounting system in the PUFAs, and difficulties confronting them. The panoramic view of the accounting practice could be a research basis for governmental and organisational decisions to enhance the accounting for entities in the public sector.

- *Contributions to accounting tools:* The study proposed recommendations to enhance the accounting system in Vietnamese PUFA universities, with consideration of the theoretical and practical bases. Suggestions were made for both financial and management accounting organisations. The study recommended the balanced scorecard (BSC) to be an effective method for the self-financed universities to evaluate their performance and operational activities. To apply the BSC method, each university should develop a measurement system of its own, which comprises criteria to measure the achievement of each organisational goal. This would ensure the measuring tool to be appropriate to and characterise their specific operations and activities. The researcher also discussed conditions for successful implementation of the solutions.

## **7. ORGANISATION OF THE THESIS**

Apart from the Introduction and Conclusion, the thesis includes three main contents:

Chapter 1: Literature review of public accounting.

Chapter 2: Accounting practice in Vietnamese public universities implementing financial autonomy.

Chapter 3: Recommendations to enhance the accounting organisation in Vietnamese public universities implementing financial autonomy.

## **CHAPTER 1: LITERATURE REVIEW OF PUBLIC ACCOUNTING**

### **1.1. Overview of public entities**

#### **1.1.1. Definition and characteristics of public entities**

On the foundation of previous studies, the researcher was on the stance that public entities are governmental agencies, political organizations, and socio-political organizations, which are established in accordance with state laws and regulations, have legal status, perform civil services, and/or take state administrative functions. Common features of these entities are not-for-profit, mainly to provide public services, and their activities are always governed by national programs for social-economic development. They therefore must comply state regulations of finance.

### **1.1.2. Definition, characteristics and mechanism of financial management in financial autonomous public entities.**

Applying the entity classification by the degree of financial autonomy they perform, the researcher took the definition that *“financial autonomous public entities are governmental agencies, political organizations, and socio-political organizations, which are established in accordance with state laws and regulations, have legal status, perform civil services, be self-financed for their recurrent and investing expenses, and serve governmental administrative functions”*

Financial autonomous public entities are characterised by the budgetary autonomy. In other words, they are independent to govern their budget and financial activities, e.g. determining revenue sources and amounts, recurrent and investing expenses, service price, allocations of expenditures, transactions, financial planning, capital mobilisation and socialisation.

The financial management mechanism for these entities include three sub-mechanisms for revenue, budget allocation, and monitoring. Theoretically, the government often keeps the mechanism updated to provide the most governmental facilitation for the entities' operation while the budgetary autonomisation is in progress in public entities in Vietnam. An attempt of Vietnamese government was the issuance of Decree 16/2015/ND-CP dated 14/02/2015 regulating the autonomy for public entities. The implication of this decree in practice, however, revealed remarkable inappropriateness. Hopefully in the near future, this regulation will be amended or replaced by another decree in order to boost the autonomy in Vietnamese public entities.

## **1.2. Overview of public accounting**

### **1.2.1. Definition, principles and implementation of public accounting**

The researcher advocated the definition of public accounting organisation that *“a public entity organises its accounting apparatus, who adopt the principles and methods of financial and management accountings into the operational practice of the entity. Basing on those principles, the accountants collect, systematize and process accounting data; they then record, analyse and provide accounting information on financial statements.”*

### **1.2.2. Factors influencing the accountancy in financial autonomous public entities**

On synthesising findings from previous studies, the researcher figured out a number of key factors affecting the organization of accountancy in financial autonomous public entities. They comprise legal



documents, characteristics of the entity, the level of information technology (IT) engagement into accounting, the professionalism of the accounting team, and the leaders' support and understanding of accounting.

### **1.3. Organisation of the accountancy in public entities**

Within the scope of this thesis, the researcher synthesised and analysed the organisation of accountancy in public agencies. Since demands to access accounting information of entities are increasing and diverse, the scope of literature to cover in this thesis narrowed to the approach to adopt the data collect-process-providing procedure since it is relevant to the research subject matter. The literature review came up with five broad categories of accounting activities in public entities listed below.

#### **1.3.1. Organising the accounting apparatus**

Previous publications mentioned a number of issues that entity leaders need to consider when organising their accounting apparatus. Three most common issues are: Determining a model of accounting organisation to implement in the entity; Arranging human resources for the accounting department; Equipping facilities to support the accountancy.

#### **1.3.2. Collecting the data**

Accounting data are the economic financial information arising during the operation of an entity and requiring involvement of the accountancy. The data are collected through accounting vouchers. Quality of the data collection depends on the development of the accounting information system (AIS), which includes activities to develop a systematic list of accounting vouchers and forms, to conduct initial accounting tasks to record arising economic transactions, to rotate the vouchers, and to store, preserve, and destroy the vouchers.

It is a global trend for entities to apply IT into the accounting. When using the Internet for accounting data collection, entities should necessarily study the applications of the Internet, e.g. linking the world, automatic information storage and analysis, artificial intelligence, etc. and how to engage these strengths into the accountancy. IT application may assist to collect, calculate and report simple data quickly. It may also enable accountants to access accounting data from a far-away distance with just a click and at low expense, which were impossible with the traditional accounting method. In particular, new technologies such as blockchain applications may provide agencies with high security for their payment transactions, reducing error possibilities, and preventing data modification.

### **1.3.3. Systematising and processing the data**

Timely data provision is crucial for entity leaders and people concerned to make appropriate economic decisions or to apply managing measures. Therefore, it is essential to promptly record all arising economic transactions reflected on accounting vouchers and accounts, then categorise them into the accounting information system for processing and creating financial statements later. For public entities, all of these activities must comply with the current Vietnamese Accounting Law, Accounting Standards, accounting and financial systems.

The means to systematize and process accounting data comprise accounting policies, pricing methods, the account system, and accounting books used by an entity to record its financial data.

### **1.3.4. Creating, analysing and reporting the data on accounting reports**

Accounting information is firstly received through the voucher system, recorded on the accounts and presented on the accounting books. Then it will be classified and synthesised by economic and financial indicators into data outputs to present on financial statements. The financial statement is considered an official means to transmit or inform financial data to the users or those concerned, such as entity managers, governmental authorities (e.g. State Audit, Bank of Vietnam, tax or inspection authorities), and others (e.g. investors, suppliers, customers, etc.). Therefore, a thorough preparation, a scientific presentation of the financial statement, and assurance to include information required by various users, all are significant to be attended.

Financial statements, settlement reports, and management accounting reports are prepared to report profound financial information directly to internal and external managers, and other people who share benefits from the entity. The reports usually inform readers about the status and management of assets, allocation and reception of state funds, revenue and expenditure, and analysis and evaluation of each operational result by the entity.

Receivers of the reports might be administrative authorities, e.g. the immediate management agency, financial, tax and statistical authorities, or others concerned e.g. managers and employees of the entity, people from other entities, and so on.

Accounting data analysis is necessary to support the leaders of public entities to manage the organisational budget allocated from the state funds, and other capital or funding sources. It also provides the leaders recommendations and effective solutions for the operation,

management and developmental vision of the entity in the short, medium and long terms. Analysis of accounting information often follows 3 steps: planning, analysing, and reporting the results. Some methods are commonly used, such as listing details, comparison, exclusion, ratio balancing, and factor analysis. The analysis is usually conducted on 3 stages of the financial operation. They include analysing the revenue estimation; analysing the expenditure estimation, implementation and results of an operation, and identifying the difference between revenue and expenditure; and finally, evaluating the performance of the whole entity using the Balanced Scorecard method.

Regarding IT application for accounting data analysis and provision, entities should carefully consider how useful the cloud computing technology is toward the accountancy and how to engage it into their accounting softwares in order to improve the efficiency of accountancy.

### **1.3.5. Monitoring the accountancy**

Accounting inspection in public entities is usually conducted on the following contents:

- The implementation of Vietnamese legal documents by the entity, including the Accounting Law, Vietnamese accounting system, standards and regulations.
- The organisation and management of the accountancy.

The above inspections may be carried out either comprehensively or by topic. It can be scheduled regularly or irregularly, or sometimes randomly. It can be organised by authorised agencies, accountants or an inspective department assigned by the entity leader and the chief accountant.

## **1.4. International experience of implementing public accounting standards and lessons for Vietnam**

**1.4.1. Implementation of public accounting standards in some countries:** In Britain; In Australia; In the United States.

### **1.4.2. Lessons for Vietnam**

In order that a financial statement meets requirements of Vietnamese authorities and international public accounting standards as well, some issues should be taken under thorough consideration by Vietnamese entities and policy makers.

*Firsty*, Vietnam should develop a national set of public accounting standards (PAS) applicable to all public entities, including the public service providers.

*Secondly*, when building the PAS for Vietnam using the international public accounting standards (IPAS) as presented in the

previous section of this thesis, the policy makers should be well aware of potential challenges to confront. They are remarkable inconsistencies among governmental guiding documents for public accounting, as well as difference of Vietnamese state budget allocation from many countries. Therefore when building the Vietnamese standard set, it is vital, and cannot be ignored, to analyse and evaluate Vietnamese financial management mechanism for the public sector in order to identify all of its differences from the international ones.

*Thirdly*, entity leaders should determine an accounting model appropriate to operation and activities of the entity. For the entity to apply the selected model and the national accounting standards into their operation, the accountant team needs to study the national PAS and each standard thoroughly. They would decide whether to apply the prototype of the standard fully or partially, and declare which regulations of the standard are inapplicable. Later on, they would make amendments or supplements to make the regulations appropriate to their own conditions.

*Finally*, it is necessary to organize research, promulgate and deploy the accounting standards and other policies in accordance with the reality in Vietnam.

## **SUMMARY OF CHAPTER 1**

## **CHAPTER II: ACCOUNTING PRACTICE IN VIETNAMESE PUBLIC UNIVERSITIES IMPLEMENTING FINANCIAL AUTONOMY**

### **2.1. Overview of Vietnamese public universities implementing financial autonomy (PUFA)**

### **2.2. Factors impacting the accountancy of the PUFA universities**

### **2.3. The accounting practice of the PUFA universities**

#### **2.3.1. Organisation of the accounting apparatus**

The survey results of this research showed that the majority of the PUFA universities (n=20/23) applied the mixed model of accounting apparatus. In contrast, few universities (n=3/23) with a quite small size of staff and area of operation applied a centralized accounting model, and accordingly, so did their accounting apparatus. The survey also indicated that members of the accounting apparatus of the universities involved were highly qualified and met professional requirements.

### 2.3.2. Receiving accounting data

The research data indicated the following facts about the data reception step at the surveyed universities.

- The accounting voucher system met the requirements the Accounting Law and guiding documents.
- External documents were received fully and timely in accordance with regulations.
- The checking of accounting vouchers was not undertaken regularly or continuously.
- The transfer of documents complied with regulations
- Documents were stored and preserved in accordance with regulations.
- The accounting of arising transactions and bookkeeping was done by accounting software.

### 2.3.3. Systematising and processing the data

*\* The cost calculation method applied to process and systematize accounting data.*

The research collected and analysed the financial reports on training expenses from the selected universities, which were prepared for submits to the Ministry of Education and Training in accordance with Circular 14/2019/TT-BGDDT dated August 30<sup>th</sup> 2019 for Reporting regulations. Data of one training industry provided by each of the three selected universities were extracted from their financial reports for the period 2015-2019 to calculate the price of training services for each discipline. The disciplines include: Sector III of Ho Chi Minh City University of Law; Sector V of Hanoi Open University; and Sector VII of Hanoi University. Table 2.5 summarises the statistical results of total training expenditures for the three disciplines provided by the three universities over the period 2015-2019.

**Table 2.5: Training expenditures by discipline in the period 2015-2019 in Ho Chi Minh City Universities of Law, Hanoi Open University, Hanoi University**

Unit: million VND

No.	Year/Institutions	Total training expenditures by discipline				
		Salary	Supplies	Adminis- tration	Fixed assets	Total
<b>1</b>	<b>Year 2015</b>					
	- Ho Chi Minh City University of Law	56.038	441	99.967	17.626	174.072
	- Hanoi Open University	16.669	5.106	14.076	0	35.851
	- Hanoi University	40.082	774	46.749	0	87.605

No.	Year/Institutions	Total training expenditures by discipline				
		Salary	Supplies	Adminis- tration	Fixed assets	Total
<b>2</b>	<b>Year 2016</b>					
	- Ho Chi Minh City University of Law	61.277	541	80.130	9.013	150.961
	- Hanoi Open University	18.082	4.991	12.463	0	35.536
	- Hanoi University	47.838	504	47.215	0	95.557
<b>3</b>	<b>Year 2017</b>					
	- Ho Chi Minh City University of Law	66.255	670	161.673	10.692	239.290
	- Hanoi Open University	18.760	4.692	13.697	0	37.149
	- Hanoi University	51.138	151	91.081	0	142.369
<b>4</b>	<b>Year 2018</b>					
	- Ho Chi Minh City University of Law	68.090	796	112.817	11.051	192.754
	- Hanoi Open University	24.857	4.547	18.370	1.434	49.208
	- Hanoi University	53.496	103	78.371	9.929	141.900
<b>5</b>	<b>Year 2019</b>					
	- Ho Chi Minh City University of Law	72.741	767	115.815	11.773	201.096
	- Hanoi Open University	31.581	3.592	22.529	1.619	59.321
	- Hanoi University	56.790	100	90.480	5.695	153.065

*(Source: Compiled by the author of this thesis)*

The researcher calculated the costs of training services and the tuition fee rates charged by the universities for the period 2015-2019. The costs were calculated from the total training expenditure and training scale per discipline as provided on the universities' financial statements, and by using the formula specified in Circular 14/2019/TT-BGDDT. The results indicated that during the years implementing the pilot project of university autonomy in accordance with Resolution 77, Hanoi University applied higher tuition fee rates than the training costs for industrial sector VII for the school years 2015 and 2016. However, for the other years after the pilot, from 2017 to 2019, they returned to the regular mechanism and the fee rates approved by the government for the same discipline was lower than the training costs. Meanwhile, both Ho Chi Minh City University of Law and Hanoi Open University applied lower tuition fee rates for industrial sectors III and V respectively compared to the training costs when they implemented the pilot scheme of autonomy, from 2017 to 2019.

*\* The account system*

The PUFA universities involved in the study set up and employed an account system in accordance with Circular 107/2017/TT-BTC. The accounts were classified into level 1, level 2, level 3, level 4, etc. of detailed accounts, each of which served a certain group of activities of the university. However, the exploitation of the accounts in practice was sometimes inconsistent with the functions initially defined for each account.

*\* The accounting book system*

By the time of the data collection, less than one third of the self-financed universities in Vietnam (n= 7/23) used a General Journal, more than half of the entities (n=15/23) apply Book-entry Vouchers, only one (n=1/23) apply a Journal-General Ledger. Common documentation by the universities included starting accounting books, bookkeeping, managing, preserving and archiving the books. All the documentation was undertaken in accordance with governmental regulations. However, none of the universities regulated a separate book or a specific form system for management accounting.

**2.3.4. Making, analysing and providing accounting information on financial statements, settlement reports, and management accounting reports**

Data analysis of the research showed that the self-financed universities prepared all financial statements and some management accounting reports as required by the authorities. However, there were missing of some necessary management accounting reports, e.g. Reports on the revenue and expenditure by training discipline or course.

The data analysis presented on the financial reports collected in this study mainly focuses on analyzing revenue estimates, expenditure estimates, and revenue - expenditure gaps basing on the estimations. None of them evaluated the operation and performance of the universities, particularly none applied the Balanced Scorecard method for evaluation.

Regarding IT application in accounting, the universities involved in the research utilised a number of softwares to run their activities. However, accounting softwares were still limited to apply and support the preparation of management accounting reports.

**2.3.5. Accounting inspection**

The accounting inspection in the selected universities often included internal self-inspection by the accounting apparatus, and external inspection by relevant financial authorities. They all ensured to organise this activities with the basic compliance with regulations. Despite being mentioned in the reports, none of the universities had established an internal audit department, and so internal audits were not found in the actual accounting process in these entities.

## **2.4. Discussions on the current accounting situations of the universities**

### **2.4.1. Achievements**

### **2.4.2. Limitations**

### **2.4.3. Reasons for the limitations**

## **SUMMARY OF CHAPTER II**

## **CHAPTER III: RECOMMENDATIONS FOR THE ACCOUNTING ENHANCEMENT AT VIETNAMESE PUBLIC UNIVERSITIES IMPLEMENTING FINANCIAL AUTONOMY**

### **3.1. Visions and developmental orientations of Vietnamese public universities implementing financial autonomy**

### **3.2. Viewpoints on the accounting enhancement in Vietnamese public universities implementing financial autonomy**

### **3.3. Solutions for the accounting enhancement in Vietnamese public universities implementing financial autonomy**

#### **3.3.1. Solutions for organization of accounting apparatus**

- The Vietnamese PUFAs should consider to apply an accounting model of combining financial and management accounting.

- The universities should streamline the accounting apparatus basing on the set of responsibilities defined for each position in the accounting department.

- They should seat with software providers and discuss about reprogramming the current accounting softwares the universities were using, or order a new one to take place. The IT upgrading should orient the application of the cloud computing technology. When more tasks are undertaken electronically, less accounting staff will be needed. Therefore, the IT assistance can help to reorganise the accounting apparatus so that each accountant will function more effectively.

#### **3.3.2. Solutions for organization of accounting information acquisition**

Findings from the research suggested the PUFA universities should make the following changes to enhance the data reception:

- Developing a list of accounting vouchers and forms.
- Making adjustment on the Sales Invoice form (form No. 02 GST) to use for tuition fee reception.
- Keeping a book of document handing and receiving in case of document lost.
- Destructing vouchers as regulated by the Accounting Law.



- Investigating and applying modern technologies such as cloud computing and/or blockchain into the reception of accounting information, particularly payment transactions.

### **3.3.3. Solutions for organization of systematizing and processing accounting information**

To improve the data management and process, the universities should take some actions below:

- Calculating the training costs per student, basing on which the tuition fee rate would be determined.

- Asking the financial authorities to update Vietnamese accounting system, to add new regulations on methods for calculating depreciations of fixed assets when they are exploited simultaneously for training activities for both fulltime and partime students, short courses, production, business and service activities.

- Building an account system for management accounting to serve the management tasks.

- Using correct accounting entries for different revenues (e.g. from the leasing of venues, premises, or halls, parking services, student canteen services, organization of short-term training courses, etc.) over multiple accounting periods.

- Using an appropriate account for an arising transaction, ensuring that the nature of the transaction matches the definition of the selected account.

- Adding "Detailed fee collection book" to be a new voucher type specifying for recording the amount of tuition fees collected from training activities.

### **3.3.4. Solutions for data preparation, analysis and providing accounting information**

The universities are advised to conduct the following changes:

- Completing the notes for financial statements

- Supplementing account balance sheets into yearly financial statements.

- Preparing quarterly financial statements, through which accountants may detect accounting errors in the quarter and make prompt adjustments in the next quarter.

- Building an accounting reporting system to serve internal management.

- Analysing the patterns of revenues and expenditures; identifying the gaps between income and expenditures for activities; and evaluating operational efficiency of the university by the balanced scorecard method. The analyses are essential to inform university leaders with the financial data they need for decision making.

### **3.3.5. Solutions for organization of accounting examination**

- Frequent, continuous and self-check inspections over the implementation of internal regulations and procedures are highly recommended.

- An internal audit department should be established in the universities to maintain such important inspections.

### **3.4. Conditions for implementation of the solutions and recommendations**

#### **3.4.1. For the government, ministries and industries**

#### **3.4.2. For public universities implementing financial autonomy**

### **SUMMARY OF CHAPTER III**

### **CONCLUSION**

Vietnamese public universities is confronting great challenges in the context that autonomy for universities has become an inevitable trend in the world and unavoidably in Vietnam. The fact that Vietnam is participating comprehensively in the international integration and becoming an active member of WTO, have created a fiercely competitive environment for businesses and civil service entities. In the tertiary education, public universities have numerous difficulties in their harsh competition against private institutions financed by private funds or foreign organisations. The financial autonomous policy of Vietnam aimed to empower the public educational system in the competition. It gives public universities more financial freedom and flexible operational mechanism. However, in the current reality when the university autonomous policy has taken place for a few years, findings of previous research implied remarkable issues confronting the implementing universities. The universities adopted the regulations with the lack of creative adaptation into their professional tasks. The freedom equipped by the new policy was constrained considerably by the working style of subsidies in the public education system lasting for decades in Vietnam. On pursuing the autonomy, no way but the public universities themselves have to be aware of their advantages from the autonomous policy, to improve their own capacity, and to quickly adapt to the competitive environment. In that innovation, the enhancement of the accounting organisation is identified to be crucial for the universities to restructure the financial management and operation and make them better consistent to the new management mechanism of autonomy. The innovation is essential for Vietnamese public universities to participate into the international integration of education and economics.

Basing on the investigation of the theory and practice of public accounting in entities, and deriving from the inevitable requirements of financial management for Vietnamese public universities to grow, the researcher conducted the thesis "Enhancing the accounting organization at Vietnamese public universities implementing financial autonomy". The thesis has come up with the following significant results:

- Briefing the literature on public entities, financial autonomy, and an accounting system for public self-financed entities. The thesis presented the definition, classification and characteristics of public entities, with a focus on the self-financed entities and financial management mechanism for them. It also clarified the definition, functions, principles, and factors of accountancy, and discussed in further details about the accounting at public entities implementing financial autonomy.

- Systematizing and discussing the theoretical bases for organizing the accounting contents, ensuring their suitability to the operational characteristics and financial management mechanism of public entities, and complying Vietnamese legal regulations for accounting.

- Investigating the reality of accounting practice at PUFAs. The researcher collected data, analyzed and evaluated the current practice of the accountancy at the selected public universities. The research focused on 5 groups of accounting activities performed in the educational agencies, including: organizing the accounting apparatus; receiving accounting information; systematizing and processing the data; preparing, analysing and providing accounting information on financial statements; storing accounting documents and auditing.

- Analyzing the accounting organization at Vietnamese PUFA universities for the outcomes, advantages and shortcomings. The research paid more attention to the shortcomings of each accounting content, analysed them to seek for the causes, and proposed solutions. This is a significant contribution of the thesis to improve the efficiency and quality of the accounting system at Vietnamese public universities implementing financial autonomy. Recommendations were proposed for the 5 accounting activities mentioned above. Furthermore, beyond the operational solutions within entities, the thesis recommended necessary changes for the Vietnamese accounting system, standards and mechanism in order to make them more applicable and facilitative to the financial autonomisation at Vietnamese public universities.

- Discussing the conditions to implement the solutions to enhance the accountancy at PUFAs. Recommendations about the conditions were proposed for the public universities pursuing the autonomy, relevant ministries and state agencies.

In conclusion, the research presented in this thesis were conducted with fully scientific, theoretical and practical bases and evidences. The research methods were appropriate to the research subject and objectives, the number of participants was suitable to the scope of the research. The research findings are contributive to the theories of accounting, and can be applied in the accounting practice at the universities implementing financial autonomy in Vietnam.