

# State Public Accounting: Study Case in Vietnam

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## Article Info

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## Abstract:

The paper has used qualitative research methods to synthesize and analyze the formation and development process of the Vietnamese state accounting. The purpose of the article will clarify that the State Accounting Unit (SAU) is the Article 3th of the Accounting Law 2015, accounting units are agencies and organizations that prepare financial statements, including: Units are responsible for revenues and expenditures of state budget at various levels; State organizations and public service agencies using state; Organizations, public service agencies that do not use state budget. In Article 3, Decree 174/2016/ND-CP dated December 30<sup>th</sup>, 2016 of the Government detailing a number of articles of the Accounting Law, a state accounting unit means state budget authority (State Treasuries, tax authorities, customs authorities); budget accounting and finance units of communes, regulatory bodies, public service agencies, units using state budget; project management boards having legal status established by regulatory bodies or public service agencies; organizations managing off-budget financial fund; organizations funded by the State to pursue certain political – social objectives. Besides, presenting each stage of formation and development there are characteristics suitable to the State management requirements organizational structure of each unit. These stages will have the results of achieving the limitations that need to be overcome, serving as a basis for drawing the development rules of the State accounting.

## Article History

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## INTRODUCTION

Accounting for state units or state accounting or public accounting in Vietnam has been taking place through the integration process according to international standards as well as principles and assumptions of accounting. In order to reflect the process of formation and development of state accounting in Vietnam, the article will focus on the basic content, with sections such as: overview of state accounting or public accounting, It will outline the research works related to public accounting by scientists around the world to determine what has been achieved and what is still limited then draw out research gaps. The second part is the situation of Vietnam's state accounting, State accounting units, types of state accounting, state accounting work, state financial statements, the process of formation

and development of state accounting, Conclude. The paper uses qualitative methods and how to synthesize events over time series with evidence related to each event milestone.

## 2. Literature Review

Cooper, L., Holderness. D. K., Sorensen., Trevor & Wood. D.A. (2018), *Robotic Process Automation in Public Accounting*, this research investigates the adoption and use of Robotic Process Automation (RPA), also known as bot, in the accounting industry. Accounting firms use RPA to automate the input, processing and export of data on computer applications

Donna, D. B., Derek. W. Dalton., Brian, E. D., Amy. M. H&Robin. R. R.(2017), *An Investigation of Ethical Environments of CPAs: Public Accounting versus Industry*, the study aims to

investigate certified public accountants' (CPAs) perceptions of their ethical environments. From 904 CPAs, CPAs doing at public accounting firms perceive the ethical environments as significantly stronger than CPAs in industry

Aasmund, E., William.F.M&Jr. (2015), *Materiality Guidance of the Major Public Accounting Firms*, this paper examines the materiality guidance for eight of the largest U.S public accounting firms. From the result, there is a high-level consistency in terms of the quantitative benchmarks used to determine overall materiality guidance for evaluating detected misstatements

Baloria, V.P. (2017), *Discussion of An Examination of the U.S. Public Accounting Profession's Public Interest Discourse and Actions in Federal Policy Making*, this research provides a historical and institutional context for the study's findings, assesses the current state of research, and offers suggestions for future research.

Lisa.B., R. W. R., Dana. M. W. (2017), *An Examination of the U.S. Public Accounting Profession's Public Interest Discourse and Actions in Federal Policy Making*, main contents of the papers are (1) the official's discourse and actions to both public and private interest motivations, (2) To categorize the official's advocacy efforts as arising from specific motivations, and (3) show that the official's public interest arguments used to advocate for their policy positions change depending on the specific legislative issue being considered

Mark. C., Susan. N& Bradley. N. P. (2019), *Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector*, this article gives a historical assessment of the doings of an epistemic community associated with the implementation of accrual accounting in the Australian public sector in order for it. By disrupting the status quo in government accounting, and diffusing an accrual solution in several settings globally incubated in a discourse of business terminology that characterized governments as businesses

Christophe, G., Emmanuelle, N&Marie.A.V. (2019), *Towards dialogic accounting? Public accountants' assistance to works councils A tool between hope and illusion*, the results of 36 interviews indicate that: the assistance provided by PAs can support dialogue between the WC members and the managers in WCs

Paterson, A. S., Changwony, F & Miller, P. B. (2019), *Accounting control, governance and anti-corruption initiatives in public sector organisations*, demonstrates that more attention needs to be given to investigating the human cost associated with illegal activity that leads to inequality.

Linda. R., Usha. R. (2014), *Towards an understanding of excel functional skills needed for a career in public accounting: Perceptions from public accountants and accounting students*, The result of the survey's data from four large public accounting firms as well as accounting students, find that employees believe the most important excel functions include basic formula, filter and sort data, vertical/horizontal lookup, document formatting and If/then

Jan. H&Shahzad. U. (2016), *Public sector management accounting in emerging economies: A literature review*, the paper shows the different development phases give to distinctive types of management accounting practice, which often do not live up to expectations owing to local politics and other socio-economic factors

Govind.I & Marianne. J (2010), *Judges' attitudes toward the public accounting profession: An update*, The attitudes make to change as a substantial stimulus and the corporate debacles at the beginning of this decade. The corresponding CPA firm litigation and the demise of Arthur Andersen arguably constituted such a stimulus

Muhammad. R. S., Nina. M., Achmad.N&Herkulesb. (2019), *Determinants of CAATT acceptance: Insights from public accounting firms in Indonesia*, the underlying research model was adapted from Technology Adoption Model (TAM) with the inclusion of external variables. A total of 141 samples data were gathered from various

public accounting firms who avidly use CAATT in the greater Jakarta region

Balqis, M. R. (2018), *Accounting public and individual flood protection measures in damage assessment: A novel approach for quantitative assessment of vulnerability and flood risk associated with local engineering adaptation options*, this study aims the methodology to assess vulnerability and flood risk considering combined public and individual protection measures, aiming for relevant applications in economic appraisal of local protection options

Yuri. B. (2016), *Public debt accounting and management in UK: Refunding or refinancing? Or, the strange case of Doctor Jekyll and Mr Hyde in the aftermath of the Global Financial Crisis*, the Bank of England has been running exceptional policies that belong to and activate the very financial-economic core which constitutes the specific economy of public administration: (i) its use of public borrowing for redistributive purposes; and (ii) its public debt management based upon issuance and progressive refinancing over time. Our analysis provides clear-cut evidence of these policies and their material impact on public debt management

Hosseini, N. & Robert. J. P. (2013), *Career growth opportunities and employee turnover intentions in public accounting firms*, this paper proposes that career growth opportunities represent a critical benefit to lower level employees in accounting firms. When these employees believe that their firm provides this benefit, they reciprocate with stronger commitment to the firm which, in turn, leads to lower turnover intentions. This study also seeks to identify the causes or antecedents of employee beliefs about career growth opportunities

Helen, Y (2009), *The re-emergence of the public accounting profession in China: A hegemonic analysis*, the paper not only highlights a major difference between the professionalisation process of the public accounting profession in China as compared to the West, but also the authoritative and dominant role assumed by the Chinese state in the whole societal set-up. Through effectively exercising

its political and ideological leadership, the state successfully mobilised the Chinese accountants in the implementation of its economic-related agenda

Martin. P. & Helena. H. (2015), *Certain Aspects of the Use of Accounting Principles in the Accounting of Public Corporations*, the main objective of the research was to find out the shortcomings in the public sector accounting legislation especially in the case of depreciation of assets. The pilot survey was conducted on the basis of a semi-structured interview with municipality representatives. The interviews conducted in the pilot part of the survey revealed that the municipalities criticized the fact that the principle of prudence is not being exercised in accounting, especially when it comes to depreciation of assets

Konstantinos. L., P. S. (2015), *Public Accounting Analysis under Budgeting and Controlling Process: The Greek Evidence*, through the analysis presented in the paper, an attempt is made to transform past public budget statements to cash flow statements in order to make them comparable with the current requirements of the accrual-based accounting system under IPSAS.

Ani, W. S., Christine. H., Amanda, J. C. & John. M. (2018), *Shunning careers in public accounting firms: The case of Indonesia*, this study examines the plight of the Indonesian accounting profession by investigating why accounting students are shunning the profession, possibly leading to the demise of the Indonesian profession as we know it today

Kimberly. D. W., Jeffrey. C. & Greg. T. (2018), *PCAOB Inspections: Public Accounting Firms on "Trial"*, the objective of our article is to obtain a better understanding of how auditors anticipate the potential for PCAOB inspection, experience the inspection, cope with the consequences of the inspection, and understand the PCAOB's influence within the context of professionalism. We use a qualitative approach that uses both surveys (55) and interviews (20) of auditors (of varying rank and firm) across a five-year period (2012–2017)

Donald, F. Arnold., Sr. Union College. (2010), *An Examination of Moral Development within Public Accounting*, the research is important because it highlights the need to include auditors from several firms in research designs, provides evidence of differences in moral development among public accounting firms, and profiles the professions' average level of moral development for three levels. The data are from 494 managers and seniors (204 females and 290 males) from five Big Six firms. Using the Defining Issues Test (Rest 1979a) to measure moral development, several results were noted. First, the results indicate a difference in the average level of moral development among firms, suggesting that use of subjects from only one firm inhibits the generalizability of findings regarding moral development

Eric N. J., D. J. L., Philip. M&J. Reckers (2015), *The Influence of Mood on Subordinates' Ability to Resist Coercive Pressure in Public Accounting*, this study reports on an experiment conducted to assess the influence of different affective mood states on auditors' ability to resist obedience pressure to commit or overlook unethical acts in six audit contexts

Jindan. Z., Baocang. W., Marek. R. O., Xu. A. W&Arun. K. S. (2019), *New public auditing protocol based on homomorphic tags for secure cloud storage*, how to ensure the outsourced datum to be kept secure is very important. And, how to check the outsourced datum's integrity is a very challenge problem

Longxia. H., Gongxuan. Z., Shui. Y., Anmin. F& John. Y. (2017), *SeShare: Secure cloud data sharing based on blockchain and public auditing*. In this paper, we proposed a new mechanism SeShare for data storing based on blockchain to realize signature uniqueness, which solves the problem of generating signatures for the same file meanwhile by different group users.

Jianhong, Z&Zhengtao. J. (2019), *Identity-and-data privacy forward security public auditing protocol in the standard model*, most of these existing solutions suffer from several flaws: (a)

identity privacy and data privacy of data owner are inevitably revealed to the auditor in the auditing process; (b) the existing public auditing mechanisms with resisting key exposure are only proved in the random oracle model.

### 3. The situation of State Accounting in Vietnam

#### 3.1. State accounting unit

According to Article 3 of the 2015 Accounting Law, *accounting units* are agencies and organizations that prepare financial statements, including: Agencies responsible for revenues and expenditures of state budget at various levels; State agencies, organizations, public service agencies using state; Organizations, public service agencies that do not use state budget

In Article 3, Decree 174/2016/ND-CP dated December 30<sup>th</sup>, 2016 of the Government detailing a number of articles of the Accounting Law, *a state accounting unit means state budget authority (State Treasuries, tax authorities, customs authorities); budget accounting and finance units of communes, regulatory bodies, public service agencies, units using state budget; project management boards having legal status established by regulatory bodies or public service agencies; organizations managing off-budget financial fund; organizations funded by the State to pursue certain political – social objectives.*

State accounting units can be classified according to the following criteria:

(1) By decentralization, state accounting units include: central State accounting units: are accounting units of ministries, ministerial-level agencies and equivalent organizations at the central level; Local state accounting units: are accounting units under the management of local governments (provinces and cities under the central government; districts, towns and provincial cities; communes)

(2) By type of unit, state accounting units include: state budget authority: State Treasuries, tax authorities, customs authorities; budget accounting and finance units of communes, regulatory bodies, public service agencies, units using state budget; project management boards having legal status



established by regulatory bodies or public service agencies; organizations managing off-budget financial fund; organizations funded by the State to pursue certain political – social objectives.

### 3.2. Types of state accounting units

The State Treasury is an agency under the authority of the Ministry of Finance, performing the function of advising and assisting the Minister of Finance in state management of the State Budget fund, state financial funds; state budget management; state accounting general; mobilizing capital for the State Budget and development investment through the issuance of Government bonds in accordance with law.

The General Department of Taxation is an agency under the authority of the Ministry of Finance, performing the function of advising and assisting the Minister of Finance in state management of domestic revenues nationwide, including: taxes, fees, charges and other revenues of the State Budget; organizing tax administration in accordance with law.

The General Department of Customs is an organization under the authority of the Ministry of Finance, performing the function of advising and assisting the Minister of Finance in state management of customs and organizing the implementation of law on customs nationwide.

Communes, wards and towns are the lowest level administrative units of Vietnam at present. The functions and duties of the communes are closely associated with the goal of building a state of the people, by the people, for the people; are a direct implementation of the Party and State's policies and guidelines, fulfilling all aspirations reflecting the feelings and demands of the people to the Party and the State.

Administrative and service delivery units include: State agencies, public administrative units, other organizations, units that use or do not use state budget.

Project management boards having legal status established by regulatory bodies or public service

agencies include: Specialized project management boards, regional project management boards established under decisions of ministers, heads of ministerial-level agencies, presidents of People's Committees of provinces and districts and construction investment management boards of a project in accordance with current law on construction investment project management; Project management boards which are established by investors to manage investment projects from legal revenue sources of state agencies or public administrative units.

### 3.3. State financial statement

According to Article 64, the 2015 Law on State Budget, at the end of the budget year, agencies, organizations, units, and individuals related to budget revenue and expenditure shall close accounting books and make state budget statements. The state budget statements reflect the implementation of the State Budget within one (01) year of the budget estimate unit.

### 3.4. The process of formation and development of the State Accounting of Vietnam

Before 1945, due to prolonged war conditions, at that time, our country was focusing to implement the determination to liberate the country, so the financial management in general and the State Accounting in particular at that time were not paid much attention. Along with the birth of the Democratic Republic of Vietnam in 1945, this was considered an important turning point of the management of our country's finance and accounting. The development process of the State Accounting can be divided into the following periods, Figure 1.



**Figure 1. The process of formation and development of the State Accounting of Vietnam**

### 3.4.1.From 1945 to 1997

The Ministry of Finance of Vietnam was established on August 28<sup>th</sup>, 1945. To have a specialized agency in charge of financial and monetary affairs, on May 29<sup>th</sup>, 1946, President Ho Chi Minh signed the Decree No. 75/SL to establish the Treasury Department under the authority of the Ministry of Finance. In order to implement the policy of financial mobilization, monetary stability and the people's obligation to contribute, striving to balance budget revenues and expenditures, and at the same time promoting production, developing goods circulation. On July 20<sup>th</sup>, 1951, the Prime Minister signed the Decree No. 117-TTg to establish the State Treasury within the National Bank, managed by the Ministry of Finance. With the development of national treasury activities and the introduction of the State Treasury system placed in the national bank, the general accounting system of Vietnam began to be formed and the state management of accounting was gradually concerned. 175/CP on October 18<sup>th</sup>, 1961 promulgating the Organization Charter of State Accounting. This is the first highest legal document in Vietnam after the liberation of the North, which provides uniformity and state management of accounting. On the basis of the legal provisions on accounting principles, professional standards, work organization and accounting apparatus... the Organization Charter of State Accounting, the Ministry of Finance respectively issued the unified chart of accounts applied in the national economy, the periodical financial and statistical statements system applied to businesses (1961); Accounting book regime (1963); The regime of initial recording and accounting records (1967). It can be said that Vietnamese accounting was gradually legalized, systematically and uniformly managed by the State.

Looking back at the formation and development of financial management and state accounting from the early days after the August Revolution to 1988, it can be seen that the state financial management system, whose core part is state budget management, had very important

developments, especially in the period from 1979 to 1988. During that time, the regime's editors had a clear concept of the scope of state accounting as *"including the accounting regime of estimate units, budget accounting at various levels and budget fund management accounting"*. The regime of budget fund accounting at the State Bank had significant reforms, and by 1990 the administrative and non-business accounting regime (also called the accounting of estimate units) was fully established. Meanwhile, budget accounting at various levels at financial agencies (general estimates accounting) had a tendency to be simpler.

On January 4<sup>th</sup>, 1990, the Council of Ministers signed the Decision No. 07/HDBT on the establishment of the State Treasury system under the authority of the Ministry of Finance, which was organized consistently from the central to the district and equivalent levels. From the beginning of its establishment, on the basis of studying the budget fund management accounting system of the State Bank, the Minister of Finance signed Decision No. 75TC/KBNN on March 2<sup>nd</sup>, 1990 promulgating *"Unified accounting system temporarily applied in the State Treasury system"*, meeting the requirements of recording, reflecting and providing information about the state budget fund, and at the same time serving the management and administration of State Treasury operations.

### 3.4.2.Period 1997–2003

In fact, until the end of 1996, the establishment, execution and balance of the state budget still complied with the Decree No. 168/CP dated October 20<sup>th</sup>, 1961 of the Government Council promulgating the Charter on the establishment and execution of the state budget. This Decree was issued and served during the period of central planning, so it was outdated and inconsistent with the new budget management requirement in the context of market economy with the macro-economic regulation of the State. Therefore, on March 20<sup>th</sup>, 1996, the National Assembly approved the State Budget Law, which came into effect on

July 1<sup>st</sup>, 1997. During this period, State Accounting was carried out in various unit systems:

+ The State Treasury Accounting System: Under these conditions, the Minister of Finance issued the Decision No. 1276/1998/QĐ-BTC dated September 24<sup>th</sup>, 1998 promulgating the State Treasury accounting regime, performing State Budget revenue and expenditure accounting in accordance with the State Budget Tables. This regime not only met the requirements of management and administration of the State Budget, but also facilitated the organization of accounting work in a comprehensive and uniform manner in the State Treasury system.

+ The administrative and non-business accounting system: Administrative and non-business accounting was influenced by both general accounting (corporate accounting) and the regulations and regimes on State Budget management. The introduction of the State Budget Law in March 1996 had an important impact on this new accounting system. On November 2<sup>nd</sup>, 1996, the Minister of Finance issued the Decision No. 999-TC/QĐ/CĐKT promulgating the administrative and non-business accounting regime, which came into effect from January 1<sup>st</sup>, 1997, replacing the administrative and non-business accounting regime issued under the Decision No. 257-TC/QĐ/CĐKT dated June 1<sup>st</sup>, 1990. During the implementation of the Decision 999-TC/QĐ/CĐKT, some disadvantages were revealed and needed to be supplemented, thus the Ministry of Finance issued many Circulars to amend. Subsequently, during the implementation process, the Government issued the Decree No. 10/2002/NĐ-CP dated January 16<sup>th</sup>, 2002 on the financial regime applied to revenue generating public service delivery units and Circular No. 25/2002/TT-BTC dated March 28<sup>th</sup>, 2002 of the Ministry of Finance guiding the implementation of the above decree.

The accounting of revenues and expenditures of State agencies, public service delivery units and the State Treasury often did not match.

+ State Budget Accounting System: Budget accounting (central, provincial and district) was implemented by the financial agency. But in reality, this was just a duplicate accounting. Without accounting records, financial agencies can still prepare financial statements based on the reports of the State Treasury, tax agencies, subordinate financial agencies and administrative and non-business agencies. However, data of state budget revenue and expenditure of localities was not aggregated based on unified grounds and methods.

+ Commune budget and finance accounting system: before the State Budget Law was introduced, for communes, wards and townships (collectively referred to as communes), it was not considered as a current budget level. Therefore, the accounting of budget and finance in the communes shall comply with the guidance in the Circular No. 35-TC/NSNN dated May 14<sup>th</sup>, 1990 of the Ministry of Finance. Since the State Budget Law was issued and came into effect on January 1<sup>st</sup>, 1997, the commune budget was identified as a budget level within the state budget system. The Ministry of Finance issued the Decision No. 827/1998/QĐ/BTC dated July 4<sup>th</sup>, 1998 on the unified commune budget and finance accounting regime nationwide from 1998, followed by the Circular No. 01/1999/TT-BTC dated January 4<sup>th</sup>, 1999 providing regulations on budget management and other financial activities in communes.

After 4 years of the introduction of the State Budget Law from 1997 to 2001, the financial and commune budget management achieved certain results, making an important contribution to the socio-economic management of the grassroots authorities. Afterwards, in order to be more in line with the actual situation, the Ministry of Finance issued the Decision No. 141/2001/QĐ-BTC dated December 21<sup>st</sup>, 2001 on the commune budget and finance accounting regime, replacing the Decision No. 827/1998/QĐ-BTC dated July 4<sup>th</sup>, 1998, and Circular No. 118/2000/TT-BTC dated December 22<sup>nd</sup>, 2000, replacing Circular No. 01/1999/TT-BTC dated January 4<sup>th</sup>, 1999.

+ Tax Accounting System: Tax revenue figures were accounted for management requirements of tax authorities (not identical to the requirements of the State budget revenue accounting at the State Treasury).

+ Customs Accounting System: Customs authorities used records of state budget revenues (already accounted at the State Treasury) to re-account in accordance with the accounting regime of the customs agencies.

+ Accounting systems in other units such as: Accounting for Social Insurance, Accounting for Development Assistance Fund, Lottery accounting...

### 3.4.3. Period 2003–2017

In 2002, the new State Budget Law was approved and came into effect from the 2004 budget year. In 2003, the Accounting Law was approved by the National Assembly; on May 31<sup>st</sup>, 2004, Decree 128/2004/NĐ-CP detailing and guiding the implementation of the Accounting Law in the field of State Accounting was issued. Compared to the previous period, the State Accounting had some innovations:

+ In order to meet the renovation requirements of the State Budget Law, on August 18<sup>th</sup>, 2003, the Ministry of Finance issued the Decision No. 130/2003/QĐ-BTC on the State budget accounting regime and treasury operations, replacing the Decision No 1276/1998/QĐ-BTC. The renovation and development process of the financial and accounting field was increasing, especially the application of modern information technology in accounting work and the process of international integration, therefore, the Ministry of Finance issued the Decision No. 24/2006/QĐ-BTC dated April 6<sup>th</sup>, 2006, promulgating the regime of State Budget Accounting and State Treasury operations to further improve a number of issues on fundamental construction investment management, bond management and accounting... to strengthen the management of state budget revenues and expenditures, debt management, budget, public debt and state assets management more effectively. After

that, the Ministry of Finance issued the Decision 120/2008/QĐ-BTC dated December 22<sup>nd</sup>, 2008 replacing the Decision No. 24/2006/QĐ-BTC.

Especially, on November 6<sup>th</sup>, 2009, the Ministry of Finance issued the Circular No. 212/2009/TT-BTC guiding the implementation of the State accounting applied to the Treasury and Budget Management Information System (TABMIS). This was followed by the Circular No. 08/2013/TT-BTC guiding the implementation of State accounting applied to the Treasury and Budget Management Information System (TABMIS) of January 10<sup>th</sup>, 2013 of the Ministry of Finance, which came into effect from March 1<sup>st</sup>, 2013, applied to the budget from 2013 onwards, replacing previous Circulars and Decisions. On that basis, the State Treasury issued Official Dispatch No. 388/KBNN-KTNN dated March 1<sup>st</sup>, 2012, guiding the implementation of specific contents of state accounting applied to TABMIS.

+ Non-business administrative accounting: In recent years, when applied into practice, the administrative and non-business accounting regime revealed some disadvantages, especially to non-public service delivery units that self-balance revenues and expenditures or do not use state budget... On March 30<sup>th</sup>, 2006, the Ministry of Finance issued the administrative and non-business accounting regime in Decision No. 19/2006/QĐ-BTC, replacing Decision No. 999-TC/QĐ/CĐKT dated November 2<sup>nd</sup>, 1996 applied to administrative and non-business units nationwide from the fiscal year 2006. On November 15<sup>th</sup>, 2010, the Ministry of Finance issued the Circular 185/2010/TT-BTC guiding the amendment and supplement of the administrative and non-business accounting regime together with the Decision 19/2006/QĐ-BTC

+ Domestic tax accounting: On July 7<sup>th</sup>, 2014, the Ministry of Finance issued the Decision No. 1544/2014/QĐ-BTC on the pilot application of the domestic tax accounting regime. Data collected on domestic tax shall be accounted, aggregated and



reported using statistical methods in order to meet management requirements of tax authorities.

+ Accounting operations of tax and other revenues for imported and exported goods: For accounting operations of export tax and import tax, according to the Circular No. 32/2006/TT-BTC dated April 10<sup>th</sup>, 2006 of the Ministry of Finance stipulating that the operation division of the customs office must account all receivables, collected amounts, and remaining amounts from taxes, fees and other revenues on an accrual basis. Customs office shall account the amount to be collected according to the tax amount declared by the unit, account the collected amount into the state budget according to the budget revenue receipt and the remaining amount to be collected from tax and fee. On October 17<sup>th</sup>, 2007, the Ministry of Finance issued the Circular 121/2007/TT-BTC amending and supplementing the Circular No. 32/2006/TT-BTC. During this period, on December 31<sup>st</sup>, 2014, the Ministry of Finance continued to promulgate the Circular No. 212/2014/TT-BTC guiding the accounting operations of tax and other revenues for imported and exported goods, which came into effect from January 1<sup>st</sup>, 2015, replacing the Circular 32/2006/TT-BTC and Circular 121/2007/TT-BTC. The promulgation of the Circular 212/2014/TT-BTC was in accordance with Law on Amending and supplementing a number of articles of the law on tax administration, Law on Handling Administrative Violations, and the 2014 Law on Customs. At the same time, adjusting the old contents that were not appropriate and there were still some problems of the customs units in the process of tax accounting implementation, in order to be consistent with the orientation of modernizing customs procedures.

+ Commune budget and finance accounting: Before the requirements of further innovation in budget and finance management in the communes to suit the requirements of information technology application, financial disclosure... the Ministry of Finance issued the Decision No. 94/2005/QĐ-BTC dated December 12<sup>th</sup>, 2005 on the regime of commune budget and finance accounting, replacing

the Decision 141/2001/QĐ-BTC dated November 21<sup>st</sup>, 2001 and Decision 208/2003/QĐ-BTC dated December 15<sup>th</sup>, 2003. Simultaneously, on October 26<sup>th</sup>, 2011, the Ministry of Finance issued the Circular No. 146/2011/TT-BTC guiding the amendment and supplement of the commune budget and accounting regime together with Decision No. 94/2005/QĐ-BTC dated December 12<sup>th</sup>, 2005, applied for commune budget and finance accounting in accordance with the characteristics of both budgeting and estimating unit.

In addition, other accounting systems in the field of State accounting continued to be amended, supplemented and completed, such as:

+ Social Insurance Accounting: Decision No. 51/2007/QĐ-BTC dated June 22<sup>nd</sup>, 2007, promulgating the social insurance accounting regime, came into effect July 6<sup>th</sup>, 2007. Circular No. 178/2012/TT-BTC dated October 23<sup>rd</sup>, 2012, providing guidelines on accounting for social insurance and replacing the Decision No. 51/2007/QĐ-BTC, came into effect from January 1<sup>st</sup>, 2013.

+ State Reserve Accounting: Decision No. 45/2005/QĐ-BTC dated July 13<sup>th</sup>, 2005 of the Ministry of Finance promulgating the National Reserve Accounting Regime, implemented for the accounting period from July 1<sup>st</sup>, 2005. Circular 213/2009/TT-BTC dated November 10<sup>th</sup>, 2009, providing guidelines on accounting for State Inventory Reserves and replacing Decision No. 45/2005/QĐ-BTC, came into effect from January 1<sup>st</sup>, 2010. Circular No. 142/2014/TT-BTC dated September 25<sup>th</sup>, 2014, providing guidelines on accounting for National Reserve, came into effect from January 1<sup>st</sup>, 2015, replacing the Circular No. 213/2009/TT-BTC.

+ Accounting for the accumulated funds for repayment of foreign debts: Circular No. 139/2009/TT-BTC dated July 8<sup>th</sup>, 2009, providing guidance on accounting regimes of accumulated funds for repayment of debts, came into effect since 2009. Circular 170/2014/TT-BTC dated November 14<sup>th</sup>, 2014, providing guidance on

accounting regimes of accumulated funds for repayment of debts, came into effect from January 1<sup>st</sup>, 2015, replacing Circular No. 139/2009/TT-BTC dated July 8<sup>th</sup>, 2009.

+ Accounting for the Funds for the poor: Circular 77/2007/TT-BTC dated July 5<sup>th</sup>, 2007 of the Ministry of Finance, guiding the accounting for the "For the Poor" Funds, came into effect from January 1<sup>st</sup>, 2008.

+ Accounting applicable to investors: Circular 195/2012/TT-BTC dated November 15<sup>th</sup>, 2012, providing guidelines on the accounting regime applicable to investors, came into effect from January 1<sup>st</sup>, 2013.

+ Accounting for road infrastructure assets: Circular No. 98/2014/TT-BTC dated July 25<sup>th</sup>, 2014 of the Minister of Finance, guiding the accounting of road infrastructure, came into effect from January 1<sup>st</sup>, 2015.

#### **3.4.4. From 2017 to present**

In order to meet the requirements of International Accounting-Finance integration, on November 20<sup>th</sup>, 2015, the National Assembly decided to pass the 2015 Accounting Law - Law No. 88/2015/QH13, coming into effect from January 1<sup>st</sup>, 2017, replacing the 2003 Accounting Law. The 2015 Accounting Law consists of 6 chapters - 74 articles regulating accounting principles, auditing standards, State financial statements, internal control, accounting inspection and accounting service practice. The amendment of the Accounting Law this time aimed to improve the quality of accounting work as a management tool for finance, capital and assets of the state, of enterprises, as a management and supervision tool of the state.

Apart from that, on June 25<sup>th</sup>, 2015 at the 9<sup>th</sup> Session, the 13<sup>th</sup> National Assembly XIII also passed the State Budget Law (amended) No. 83/2015/QH13, which came into effect from January 1<sup>st</sup>, 2017 and replaced the 2002 State Budget Law. This is considered an important law to create a new turning point in state budget management in accordance with the new legal corridor more

completely and synchronously, in accordance with the current situation and international integration trends, contributing to an important part of the process of public finance reform towards modernization.

Compared to the previous period, the State Accounting has had some changes as follows:

+ State Budget Accounting and State Treasury operations: On July 28<sup>th</sup>, 2017, the Ministry of Finance issued the Circular 77/2017/TT-BTC providing guidelines on the State Budget accounting regime and State Treasury operations. Circular 77/2017/TT-BTC is a further improvement step on the State budget accounting regime and State Treasury operations, after the Finance sector successfully implemented and operated the Treasury and Budget Management Information System (TABMIS). The Circular came into effect from September 12<sup>th</sup>, 2017, applied from the 2017 budget year and replacing the Circular 08/2013/TT-BTC dated January 10<sup>th</sup>, 2013 on guiding the implementation of state accounting applied to the TABMIS System. Circular 77/2017/TT-BTC was built with stronger structure; Overcoming the shortcomings and obstacles in the implementation of the previous Circular 08/2013/TT-BTC with important highlights. The State budget accounting regime and the State Treasury operations are the fulfillment and implementation from the accounting perspective for new requirements on financial budget management in the context that the Finance sector, the State Treasury continues to have drastic reforms in the implementation of the Party's guidelines and the State policies and laws.

+ Administrative and non-business accounting: On October 10<sup>th</sup>, 2017, the Ministry of Finance issued the Circular 107/2017/TT-BTC providing guidelines on the administrative and non-business accounting regime, replacing the administrative and non-business unit accounting regime issued under the Decision 19/2006/QĐ-BTC and Circular 185/2010/TT-BTC. Circular 107/2017/TT-BTC inherited the advantages and overcame the shortcomings and limitations of the administrative

and non-business unit accounting regime issued together with the Decision No. 19/2006/QĐ-BTC and the Circular No. 185/2010/TT-BTC dated November 15<sup>th</sup>, 2010 of the Ministry of Finance. In which, there are more details of a number of accounts, several new accounts and accounting methods are added in order to completely reflect the arising economic and financial operations that the previous regulations did not mention, and at the same time, supplementing a number of types of books, financial statements, final accounts at the accounting units. According to the provisions of the Decision 19/2006/QĐ-BTC, the chart of accounts applicable to administrative and non-business units prescribed by the Ministry of Finance includes 7 categories, accounts of type 1 to type 6 are those in the Balance Sheet and accounts of type 0 are off-balance-sheet.

According to the Circular 107/2017/TT-BTC, there are numerous changes in the chart of accounts, including 10 types, in which:

Accounts of type 1 to type 9 are double-accounted (recording the reciprocal entries between accounts) used for financial accounting to reflect the situation of assets, public debt, capital, turnover, expenses, surplus (deficit) of the unit in the accounting period.

Accounts of type 0 are off-balance-sheet accounts, which are single-accounted (without recording the reciprocal entries between accounts) used for accounting of state budget revenues and expenditures for units funded by the state budget. If a financial-economic operation arises that involves the revenue and expenditure of the State Budget, the accountants have to record both the financial accounting and the budget accounting.

+ Domestic tax accounting: In this period, the domestic tax accounting regime still applies the provisions of the Decision 1544/2014/QĐ-BTC on the pilot application of the domestic tax accounting regime.

+ Accounting operations of tax and other revenues for imported and exported goods: On November 15<sup>th</sup>, 2018, the Ministry of Finance issued

the Circular 112/2018/TT-BTC amending and supplementing a number of articles in the Circular 174/2015/TT-BTC providing guidelines on accounting operations of tax and other revenues for imported and exported goods applicable to the customs units. In which, amending a number of contents in the Appendices attached to the Circular 174/2015/TT-BTC including: List of records of tax receivable (form No. 01/BK-HQ), List of records of tax collection (form No. 05/BK-HQ) in Appendix 01; List of chart of accounts in Section I, Appendix 02; List of accounting books prescribed in Appendix 03; Forms No. 02/BCTC, 03/BCTC, 05/BCTC, 09/BCTC, 10/BCTC in Appendix 04. Furthermore, this Circular also supplements and abolishes some of the following contents: Supplementing the List of deduction of advance taxes, fees, charges (form No. 15/BK-HQ) in Appendix 01; Abolishing the register of bookkeeping records (form No. 01/SNV), Non-commercial tax collection book (form No. 05/SNV) in Appendix 03; The balance sheet (form No. 11/CDĐKT) in Appendix 04; Accounting diagram in Appendix 05. Circular 112/2018/TT-BTC came into effect from January 1<sup>st</sup>, 2019.

+ Commune budget and finance accounting: In order to promptly meet the reforms of the 2015 Accounting Law and the 2015 State Budget Law, on October 3<sup>rd</sup>, 2019, the Ministry of Finance issued the Circular No. 70/2019/TT-BTC providing guidelines on the commune budget and finance accounting regime, coming into effect from January 1<sup>st</sup>, 2020. Due to the current low level of accounting in the communes, to ensure the feasibility, the Circular No. 70/2019/TT-BTC basically retains the structure of the Decision No. 94/2005/QĐ-BTC and Circular 146/2011/TT-BTC on the accounting records system, the chart of accounts, the accounting books system, the financial statements and final accounts system, only changes some necessary contents related to the preparation of financial statements of the communes as prescribed in the Accounting Law to provide information to the State Treasury such as supplementing 04 accounts including: Account 474—Commune budget remainder, Account 715—

Commune budget revenue during the revision period, Account 815-Commune budget expenditure during the revision period, Account 915-Difference between commune budget revenues and expenditures during the revision period and 02 contra accounts: Account 337-Commune budget revenues not accounted into the state budget and Account 137-Commune budget expenditures not accounted into the State budget.

#### 4. Conclusions

The article outlines the process of formation and development of Vietnam's accounting system including 04 stages of formation and development, that is from 1945 to 1997, period 1997–2003, period 2003–2017 và from 2017 to present. Each stage has different characteristics, meeting the requirements of each period. And now, the State accounting is implementing innovation and strong integration, in order to form the State Financial, there is an overall picture of the state's assets, in order to improve the accounting. like the state management process. The contribution of that article is to clarify the contents of what is the Vietnamese State accounting, the types of Vietnamese State accounting include; accounting work in the State of Vietnam

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