The State of Auditing Quality of Banks' Financial Statements is done by the State Audit of Vietnam

Author’s Details:

(1) Thi Ngoc Thuy Tran (2) Thi Thu Trang Nguyen (3) Thanh Trung Nguyen

(1)(2)(3) University of Economics - Technology for Industries, Vietnam

Correspondence: Thi Ngoc Thuy Tran, 456 Minh Khai, Hai Ba Trung, Ha Noi

Abstract:
The study assessed the current state of auditing quality of financial statements of banks conducted by the State Audit of Vietnam in the period 2015-2019 through the primary database collected from the social survey, study, consult the team leader, group leader and auditors (audit team members) and through in-depth interviews with leaders who are the General Director / Deputy General Director or Head of the Supervisory Board of the banks. State Audit of Vietnam performs the audit

Keywords: Auditing, banking, financial statements, state audit, Vietnam

1. Introductions

In recent years, the SAV has strengthened the auditing of banks such as the State Bank, Joint Stock Commercial Bank for Industry and Trade of Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Bank for Investment and Development, Vietnam, the Bank for Policy and Social Affairs, the Vietnam Bank for Agriculture and many other financial institutions. In particular, in 2017, the State Audit implemented an audit of a number of banks that were restructured and acquired by the State Bank at the price of 0 VND. Through the audit of banks and credit institutions, the SAV promptly detected and handled mistakes, proposed amendments and supplements to the inadequacies of the policy regime, contributing to improving the century, law, accountability and efficiency of entities audited. Despite achieving some encouraging results, the management and implementation of audits by banks and credit institutions in our country currently has not really met the requirements such as: the legal framework on auditing of commercial banks is still incomplete; The quality and audit results are still at a limited level, due to the focus on auditing the observance of the financial accounting regime and investment management, not going into deep audit of specific contents of the Bank. has not detected in time the mistakes to rectify, mainly due to the implementation of post-audit, has not done many operational audits and information technology audits for banks and credit institutions.

Besides, the management and implementation of audits of banks and the assessment of the quality of audits performed by the SAV are not easily assessed. Specifically, the audit results metrics do not reflect the factors that affect as well as the degree that affects audit quality. According to the Vietnam Auditing Standard No. 220 (VSA 220) and the International Auditing Standard No. 220 (ISA 220), “Auditing quality is the degree of satisfaction with the objectivity and reliability of the auditor's opinion. of the subjects using audit services at the same time satisfied with the desire to have comments to improve the efficiency of financial management, accounting of the audited entity with a predetermined time and appropriate fee ”. Audit quality plays a very important role in confirming the correctness and truthfulness of audit conclusions and one of the most important strategies of the State Audit, with a vision to 2035 is the Raising Strategy. High quality audit.

2. Literature review

There have been many studies on audit quality for commercial banks around the world. In most studies, scholars have admitted that commercial banking is a special type of business. Sherolli (2016) in a study called “Determinants of Audit Quality in the USA Banking Sector” stated that commercial banks above The world is characterized by strict business requirements and regulations imposed by centralized regulators, often central banks. The regulations are mainly in place to focus on the system of risk management and control of business activities as well as the limit of credit growth or prevention of monopoly and cross-ownership. Commercial
banks are closely monitored because of their important role in the economy. Commercial banks are the intermediaries for capital flows in most economies in the world (Basel, 2004). Commercial banks' operations are associated with the stability and efficiency of the domestic financial system.

Greenawalt and Sinkey (1988) found that in the banking sector, manipulation of financial data about income can be done easily. The study by these two scholars cites examples of US banks taking advantage of loan losses provision rules to influence their business performance through profit-taking. Profits between different fiscal years for the purpose of manipulating stock prices. The studies of Scholes et al. (1990), Collins et al. (1995), Liu and Ryan (1995), Beaver and Engel (1996), Liu et al. (1997), Ahmed et al. (1999), Healy and Wahlen (1999) have agreed with this conclusion. Similar conclusions have been acknowledged by other scholars around the world when considering problems in banks outside the US, such as the study of Anandarajan et al. (2003, 2007) or Pérez et al. (2008).

Schipper (1989) titled "Commentary on earnings management" (Research on income management) published in Accounting Horizon magazine is considered as one of the first studies mentioning the relationship between quality control math with the problem of income manipulation in commercial bank financial statements. In his research, he argued that most of the manipulation of earnings on financial statements published by many commercial banks were deliberate interventions by management to increase income, salaries and bonuses for business. Therefore, it is the responsibility of auditors to follow efficient procedures and adhere to ethical standards to ensure the accuracy of the disclosed data. The studies of Vincent et al. (2003), Kanagaretnam et al. (2010) also reached the same conclusion when considering the difference of commercial banks compared to other types of enterprises audited.

In terms of the audit quality of commercial banks, the studies are based on the views proposed and developed by DeAngelo and inherit the studies mentioned above. However, in the studies of Schipper (1989), Vincent et al. (2003), Kanagaretnam et al. (2010) emphasize the aspect of auditors needing to focus on the truthfulness and objectivity of the data. to be announced. Research by these scholars suggests that audit quality is tied to the ability to report such integrity.

Similarly, the study of factors affecting the quality of a commercial bank audit is also developed from common models and factors. For example, Sherolli (2016) considers factors including Audit firm size, Client's position with auditors, Legal risk to auditors, Audit industry concentration, Performance the results of the internal audit system on the audit quality of commercial banks in the US. The research results show that influential factors include Auditing firm Size and Clients' Position with auditing firm.

In addition, as mentioned, the business operations of commercial banks are subject to the strict supervision of the central bank and the economy, so the banking regulations on the management system say general as well as accounting system in particular. The Basel Committee on Banking Supervision (BCBS) was established in 1974 in Ho Chi Minh City. Basel, Switzerland, by the central bank of 10 developed countries (G10), is the unit that promulgates regulations on capital management and risk management in banks. The Basel 2 Agreement issued in 2004 stipulates that supervisors need to review and reassess the internal capital level assessment processes as well as the bank's strategies, and the supervisors. There is a need to find interventions at an early stage to prevent capital from falling below the minimum level. Multilateral supervision of the bank's business is intended to ensure the security of deposits and prevent management's earnings manipulation, thereby, indirectly ensuring quality of audit activities.

The research of Nguyen Phu Giang (2011) with the topic "Auditing operations in commercial banks in Vietnam today - Current situation and solutions" is considered one of the closest researches on quality. Auditing for commercial banks. This study mentions a number of factors that affect the audit of commercial banks, including Quality of the commercial bank's internal audit team, Audit method and method, and process and organization method. However, the study does not mention the audit of financial statements of commercial banks, nor does it mention and does not relate to the concept of audit quality.
Thus, the researches on audit quality and the factors affecting audit quality in commercial banks almost inherit and apply the models and factors that have been analyzed and studied by many scholars in many different fields. The concept of the auditing quality of commercial bank financial statements is not much different from those developed from DeAngelo's original research.

3. Research method

Qualitative method: Qualitative method is used through in-depth survey and interview with 2 subjects (i) auditors to survey about factors affecting the auditing quality of financial statements of banks by the SAV. perform; (ii) in-depth interviews with bank leaders in order to evaluate the quality of auditing activities of SAV's financial statements and solutions to improve governance activities at banks. The research sample to send the survey is that the auditor has participated in the audit teams or the auditor has conducted a quality review of the audits of banks in the period 2015-2019 and the General Director / Deputy General Director or Head of the Board. audited by the State Audit of 7 banks, including Vietnam Bank for Agriculture and Rural Development (Agribank), Vietnam Bank for Investment and Development (BIDV), Joint Stock Commercial Bank for Industry and Trade Vietnam Nam (Vietinbank), Viet Nam Commercial Joint Stock Bank (Vietcombank), Vietnam Development Bank (VDB), Social Policy Bank (VBSP), and Vietnam Cooperative Bank (Co-opBank). Primary data through questionnaires were surveyed directly or indirectly via email / phone interview. The survey period will take place from November 2019 to March 2020. Survey results collected 275 responses from the State Auditor and 7 in-depth interviews of the leaders of the banks audited by the SAV.

In addition, the qualitative method in the Study is also demonstrated through case study analysis - research on the quality of auditing financial statements of the SAV at the Social Policy Bank (VPBS). This is a bank that audited four times by the SAV in 2015, 2016, 2017 and 2018, so VPBS case analysis will see a picture of the audit quality of financial statements performed by the SAV. than.

4. Result

4.1. The state of auditing quality of banks' financial statements audited by the SAV

According to State Audit Standard No. 40- Auditing quality control (Issued together with Decision No. 02/2016 / QD-KTNN dated July 15, 2016 of the State Auditor General, the quality control system Auditing includes the following six elements:

- Responsibilities of the Head (State Auditor General and Heads of affiliated units) for the quality of audit activities
- Requirements on professional ethics
- Conditions to ensure conducting the audit
- Human Resources
- Performing auditing activities
- Monitoring

According to the annual audit quality control plan, the Audit Quality Control Department of the State Auditor has carried out the organization of the audit quality control of specialized SAV VII (the unit conducting the audit). accounting of credit institutions and banks) and reporting on audit quality.

Audit quality control has always been very focused by the unit, strictly implementing the Auditing Quality Control Regulation of the SAV; 100% of Auditing Teams are controlled by the Auditing Teams established by specialized SAV VII. The control activities of the Control Groups have been increasingly improved in quality.
The Technical Audit Teams have fully brought into play the controlling role from surveying, collecting information, making audit plans, performing audits, issuing audit reports.

Thereby, the control results have helped the Chief Auditor to have instructions to promptly rectify the operation and improve the quality of the audit teams.

In the period 2015-2019, the status of auditing quality control of banks was shown through the report of the Department of Regulations and Quality Control as follows:

(1) Responsibility of the leader for the quality of the audit activities

According to the Decision No. 1906 / QD-KTNN dated December 29, 2015 of the State Auditor General, specialized SAV VII was assigned to perform audits in the fields of finance and banking. The Chief Auditor has directed Audit Team Leader, Audit Team leader, Auditors and members of the SAV to comply with the issued Procedures and Standards. The control activities of specialized chief auditor VII include:

- Right from the beginning of the year, the chief auditor organized training courses to disseminate and implement the new policies of the State and the SAV. One of the training focuses is the implementation of the audit quality control regulations of the SAV. The Chief Auditor has issued the official letter, documents directing the audit and the quality control work such as Official Letter 248 / CV-CN VII dated July 5, 2017, Official Letter 265 / CV-CN VII dated 24/7/2017.

- In order to enhance inspection and control, the Chief Auditor of Industry VII has directed the audit teams, audit teams, auditors to comply with the regime of regular, irregular and periodic reporting on audit progress and results to promptly grasping the direction of auditing activities, improving the responsibility for implementing tasks of each individual and audit team, audit team; promptly exchanging audit findings among the audit teams to consistently perform in the whole delegation, contributing to improving the quality of audits;

- Direct the General Department to synthesize the audit results of the audit teams and prepare monthly quality control reports to send to the leader of the State Audit in charge and the Department of Regulations and Technical Audit fully; At the end of each audit, the chief auditor instructed the audit quality control team to prepare the audit quality control report of the audit and send it to the Department of Regulations and Technical Audit as prescribed.

- The chief auditor directed the Control Teams to regularly monitor the auditor's online diary to promptly detect the shortcomings and limitations in recording the import and export goods in order to direct the activities of the audit teams, properly implement. Operation regulation of the audit team and audit objectives.

- Audit Chief Auditor of specialized branch VII regularly performs direct inspection at the audit teams to capture audit results and participate in a number of meetings Notifying the draft Audit Report at the unit; Attending Auditing Conclusion meeting at Auditing Teams.

(2) Requirements for professional ethics of Auditors

- Through the status of document checking, it shows that members of audit teams basically comply with the Audit Quality Control Regulation of the SAV and other regulations of the SAV such as the Code of Conduct of home auditors. country; Regulation on organization and operation of SAV Union; procedures, standards and other regulations of the SAV.

(3) Performing auditing activities

- The audit quality control teams have developed the control plans of the audit teams and submitted them to the chief auditor for approval according to regulations. The Control Teams had appraisal comments on the Science and Technology of the audit; On the basis of the approved overall audit plan of the audit team, the Control
Team has controlled the detailed audit plan, auditor's working diary, the Record of data confirmation and the situation. Auditor's, Audit minutes... ; All opinions given by the Auditing Quality Control Team are accompanied by evidence of control.

- The Audit Quality Control Teams coordinated with the Department of Audit Quality Control and Regime in the implementation of the SAV’s audit quality control plan and the organization of the handling and resolution of control opinions. in the audit quality control reports of the Department of Audit Policy and Quality Control.

(4) Auditing quality supervision of banks

Before performing the audits according to the decision of the General Auditor, Chief Auditor of specialized Auditor VII established the quality control team of auditing teams according to regulations.

Audit Quality Control Teams have developed a control plan for the audit teams and submitted them to the Chief Auditor for approval according to regulations. The Control Teams had appraisal comments on the Science and Technology of the audit; On the basis of the approved general science and technology of the audit team, the control team carried out the control on detailed science and technology, the inspection of labor force of auditors, the minutes of laboratory testing and the situation of the auditor, the audit minutes ... ; All opinions given by the Audit Quality Control Team are accompanied by proof of control and documentation.

The Audit Quality Control Team has coordinated with the Department of Audit Quality Control and Regime in the implementation of the SAV's audit quality control plan and the organization of the handling and resolution of opinions in the audit. Audit Quality Control reports of Audit Quality Control and Regime Department.

Audit Quality Control Group's control report: pointed out a number of results achieved in the following aspects: (i) Establishing the survey outline, survey plan; (ii) The preparation, appraisal of Science and Technology of the audit; (iii) Prepare and approve detailed science and technology; (iv) The implementation of the Audit Science and Technology, detailed Science and Technology of the Auditing Team after being approved; (v) Making audit minutes; (vi) The management, administration and control of the Audit Group Leader; (vii) The implementation of the periodical and ad-hoc reporting regime of the Chief of the SAV Team and the Chief Auditor; control over reporting procedures, content and procedures according to regulations; (viii) Major audit results, major audit findings.

4.2. State auditors assess the quality of audits of financial statements of banks

Audit results of banks performed by the SAV in the period 2015-2019 are shown through the audit reports issued, in which the SAV has specified 3 main contents:

(1) Auditing of financial statements: giving differences in items on the Balance Sheet and Income Statement, the performance of obligations to the State budget, credit activities, and specify the causes of the discrepancy. The audit report also determines the correctness and truthfulness of the financial statements of the banks.

(2) Auditing compliance with laws, policies, financial regimes, accounting and management and use of state capital, money and assets

+ Financial management, accounting: in which financial management includes managing capital in money; management of fixed assets and other assets; managing receivables and payables; revenue and income management; expense management; setting salary unit prices, managing, distributing and settling the salary fund; auditing off-balance sheet indicators; fulfill obligations to the state budget. Accounting work includes the organization of the accounting apparatus, the organization of the accounting work such as accounting vouchers, accounting records, accounting books, financial statements.

+ Management and use of State capital, money and assets: management of operating capital; lending activities; classification of debt groups, setting up of provisions; debt structure, debt settlement, debt sale and interest
exemption or reduction; capital contribution, share purchase, securities investment; foreign currency trading; Bank guarantee activities.

+ The implementation of resolutions and policies of the National Assembly and the Government: assessment of the implementation of monetary policy; appropriate credit growth solutions and credit quality assurance, speeding up the progress of handling bad debts; evaluating the implementation of the Financial Supervisory Regulation, evaluating operational efficiency and disclosing financial information; evaluate the implementation of the Law on anti-corruption and the Law on thrift practice and waste combat.

(3) Economic audit, effectiveness and efficiency in the management and use of state capital, money and assets

+ General audit of the economy, efficiency and effectiveness in banking operations

+ Evaluation of safety in operation

Closing the Audit Report is the recommendation of the State Auditor to the audited Bank, and also gives recommendations to the State Bank of Vietnam. It can be seen that the SAV not only performed financial statements audits but also performed operational audits and compliance audits with banks.

According to Decision No. 1793 / QD-KTNN dated November 4, 2016, the evaluation criteria, scale and quality grading standards of the State Audit team are based on the following criteria (Quality of the audit). Mathematics is evaluated on a scale of 100 - See Appendix 02):

a) Audit plan: Maximum of 10 points.

Requirements for Audit Plan: To be prepared and approved before performing the audit; content and procedures to comply with audit standards and relevant regulations of the SAV.

b) Detailed audit plan: Maximum of 10 points.

Requirements for detailed audit plan: To be prepared and approved according to regulations; must be sufficient and specific to guide the work for the Auditing Team and Auditors; content and procedures to comply with audit standards and relevant regulations of the SAV.

c) Audit record and notification of audit results at the detailed audited unit: Maximum 10 points.

Requirements for audit records and notification of audit results at a detailed audit unit: The audit record fully summarizes the audit results of audit team members, with full opinions on internal assessment, audit content; having enough audit conclusions consistent with the audit results; having audit recommendations (if any) that are consistent with audit results and conclusions, right to the right audience and feasible; The content, format and presentation comply with the current audit standards and regulations of the SAV. Notifying audit results fully synthesizing important audit results, with sufficient audit evidence; Audit recommendations are consistent with the audit results and audit reports of the audit team.

d) Audit report and notification of audit results: Maximum of 20 points.

Requirements for Audit Report and Audit Result Notification: Reflecting fully, accurately, honestly and objectively the audit results, conclusions and recommendations; confirm the correctness and truthfulness of the information and the audited report; evaluating compliance with the law, the economy, effectiveness and efficiency in the management and use of economic resources at the audited entity; The content, format and presentation comply with audit standards and relevant regulations of the SAV.

dd) Diary, working documents and audit evidence: Maximum 25 points.

Requirements for logs, working documents and audit evidence: diary records, papers, working documents complying with audit standards and relevant regulations of the SAV; preparing and storing fully and
scientifically according to the list of audit records; content, format in accordance with the regulations on the form of the audit file; ensure consistency between documents in audit records. Sufficient, appropriate audit evidence to provide a basis for the formulation of audit results, conclusions, recommendations, and changes in audit results, conclusions or recommendations (if any).

e) Compliance with laws and regulations of the SAV, implementation of Regulations and activities of the SAV, regulations on professional ethics and the Code of Conduct of SAV: Maximum of 15 points.

Member of the SAV does not cause harassment, difficulties, illegal interference in the normal operation of the audited unit, takes bribes, reports false, incomplete audit results, takes advantage of position, the right to self-interest, to disclose information; fully and properly complying with the regulations on the tasks, powers and responsibilities of the state auditors in the Law on SAV, the Regulation on the organization and operation of the SAV and other relevant documents; fully complying with the regulations on professional ethics of state auditors; do not do jobs that affect personality or damage the results of their duty performance, affect the reputation of the SAV, ...; perform the work with prudence and responsibility to keep the national secrets and professional secrets of the audited unit; protecting information collected from audit units and internal information of the SAV; use cards and wear clothing in accordance with the regulations of the SAV.

g) Managing, examining, and reviewing audit activities: Maximum of 10 points.

Requirements for management, inspection and review of audit activities: Compliance with the Regulation on organization and operation of the SAV; inspection and control are fully implemented at all levels of control according to the provisions of the Law on SAV, Regulation on quality control of the audit and the regulations of the SAV; according to the order and procedures for inspection and control as prescribed; quality assurance checking and controlling.

An audit is awarded bonus points in the following cases:

- The time to issue the audit report early compared to the prescribed time limit: Within 45 days after the end of the audit at the unit, if issuing the audit report early every 01 day is added 0.5 points.

Large-scale and complicated nature: The large-scale audit team (according to the audit decision, the audit team has 40 people or more and the number of audited units of 30 or more) is added from 2 up to 5 points; The audit is of high complexity (assessed according to the objectives of the audit content and the problems arising in the organization performing the audit) is added from 2 to 10 points.

- The new audit (about object, content, process, method ...) is added 10 points; audit with new audit findings, particularly important audit findings, plus 5 to 15 points.

The audit team is ranked the quality according to four levels: Excellent, Fair, Pass and Limited Quality. Table 2.3 shows the scoring results and the audit quality rating of the banking audits performed by the SAV in 2017. Out of the 7 banking audits, there are 5 audits of excellent quality with high scores. 97/100 points especially, 01 good-rated audit and a qualified audit. Although the State Bank of Vietnam achieved 95/100 points, the State Bank of Vietnam audit team was only rated Fair quality because the proposed financial treatment result was VND 7,244 million (in order to be ranked Excellent, the financial settlement proposal must be over 30.00 million dong). With the audit team, Global Petroleum Commercial One Member Limited Bank (90.6 / 100 points, but only ranked Dat) is due to the slow time to issue reports compared to the current regulations.

The SAV has detailed regulations in grading to evaluate the quality of audits, but the scoring still shows subjectivity because there is no external unit involved in the grading process. The current grading is done by the Auditing Quality Control Team of the Department of Regime and Audit Quality Control.

4.3. The status of banks evaluating the quality of financial statements audited by the SAV
Appendix 02 is an in-depth interview questionnaire for the leaders of banks audited by the SAV, thereby assessing the quality of auditing activities of banks' financial statements conducted by the State Audit and the solutions. measures banks have taken to perfect the governance based on audit reports.

In 2018 and 2019, the SAV did not focus on scoring auditing teams in the financial and banking sector, so there was no specific data. Global Petroleum Bank Limited and Ocean Commercial One Member Limited Liability Bank are 0 VND, audited only in 2017. The audit involves these two banks and the State Bank is documentary. confidentiality with audit method is different from normal audits, so it is not in the research scope of the Study.

Through in-depth interviews with 7 leaders who are General Directors / Deputy General Directors or Head of the Supervisory Board of audited banks, leaders rated the audit quality as quite high (4.6 / 5 points respectively) and gave Knowing that the audit activities of the SAV have helped banks re-evaluate and adjust many of their governance activities to increase transparency and higher operational efficiency. Specifically:

- Regarding the management of finance and accounting: Banks have adjusted their accounting books according to the conclusions and recommendations of the SAV; rectify the shortcomings in the management of finance and accounting in the management of money, fixed assets, liabilities, revenue, income, expenses, setting up credit risk provisions.

- Regarding the management of investment activities: banks have increased supervision of investments, especially supervision through capital representatives, evaluation of investments, divestment according to the roadmap, ...

- Credit activities: reorganizing the shortcomings before, during and after lending (for credit institutions) such as improving the quality of appraisal and strict appraisal of debt repayment sources, fully analyzing risks, correctly identifying loan needs and loan terms, fully assessing the feasibility and effectiveness of a loan plan, correcting the existence of legal documents, records collateral, regularly and periodically re-value the collateral and record it according to regulations, check early recovery of improper loans, classify debts and set up provisions, Overall review to minimize accrued interest is considered to be difficult to recover, recover money for customer interest exemption or reduction in contravention of regulations, ... Bank leaders said, banks have strictly implemented. Compliance with the audit proposals of the SAV. In which, the recommendations on financial settlement are 80.2%, the financial management and accounting recommendations of the bank have basically been implemented. However, many banks have not implemented the recommendations enough and on time. At the time of the 3/2020 interview, banks responded to the implementation of the recommendations of the 2017-2018 audit report as follows: At the Social Policy Bank (VBSP), in addition to public-related recommendations. Financial and accounting management, VBSP has implemented 22/31 recommendations of the SAV, 6/31 recommendations are on-going. At the Vietnam Bank for Agriculture and Rural Development (Agribank), 21/40 recommendations of the SAV, 19/40 recommendations are being made. At the Vietnam Development Bank (VDB), 6/14 recommendations of the SAV were implemented, 8/14 recommendations are in progress. The reason for the difficulty in implementing these proposals is a number of recommendations (mainly related to proposals to improve mechanisms and policies, to complete procedures for land use right certificates, settlement of long-term debts ...) is currently in the process of implementation. The objective reason is that it involves many parties, many competent authorities need time to implement. Therefore, bank leaders also proposed to extend the time for implementing the proposal.

4.4. Audit quality of SAV's financial statements: audit case at the Social Policy Bank (VPBS)

VBSP was established with the goal of a bank to serve the poor, to implement a preferential credit policy for the poor and other policy beneficiaries. VBSP's operations are not for profit purposes, are guaranteed solvency by the State, the required reserve ratio is 0% (zero percent), not participating in deposit insurance, tax free and other accounts payable to the State budget. VBSP is allowed to perform operations such as: capital
mobilization, lending, payment, budgeting and receive preferential loans from local governments, economic organizations, socio-political organizations, and other associations, associations, non-governmental organizations, domestic and foreign individuals to invest in socio-economic development projects and programs.

In the period 2015-2019, the Social Policy Bank (VBSP) was audited continuously by the SAV 4 times in 2015, 2016, 2017 and 2018. Therefore, VBSP was selected to study to supplement the picture. competition on audit quality of financial statements performed by the SAV more comprehensively and clearly.

Audit contents at VBSP include:

- Auditing financial statements (assets, capital sources, revenue, expenses, payments to the state budget ...); investment capital / investment cost settlement reports;
- Credit performance audit; Government-guaranteed bond issue data; State budget funds to compensate for interest rate differences and management fees;
- Auditing and evaluating the economy, effectiveness and efficiency in the management and use of public finances and public assets (focusing on the performance evaluation of the loan program for the poor, near poor, and education students, employment and other policy beneficiaries);
- Compliance with laws, policies and regimes on finance - accounting, construction investment, credit, investment, property procurement, land, and public debt management according to state regulations; implementation of the Law on Anti-corruption and thrift practice against wastefulness.

When the audits were conducted, the Audit Quality Control and Policy Department supervised the activities of the Social Policy Bank Audit Team chaired by specialized SAV VII. The results were as follows:

- The audit team basically made the science and technology, performed audits, prepared and appraised draft technical reports according to regulations.
- Some main audit results are as follows: reduction of revenue and expenditure difference, financial settlement of capital construction investment, recovery and payment to the state budget. In 2018, the difference between revenue and expenditure decreased by 23,304,829,376 VND; Financial settlement of capital construction investment amount of VND 9,303,659,381 (Achieving 2.02% of audited value, in which: recovery and payment of state budget 47.2 million VND; recovery of VBSP 543 million VND; decrease allocation and payment 348 million, other processing 8,366 million).

Although the state audit team at VBSP self-assessed and ranked excellent, but the quality of audit still shows some limitations that need to be improved such as:

- Not yet sent the report on audit progress to the Department of Policy and Audit Quality as prescribed in Article 26 of the Regulation on Audit Quality Control.
- The Supervisory Board has not stated the contents that still have different opinions between the audit team and the audited unit.
- Audit results need to add clarifying information, consolidate evidence to have appropriate recommendations. For example, the 2018 audit reflected “some plots ... are incomplete in accordance with the provisions of the land law ... have not had a decision on land allocation, have not been granted a land use right certificate ...” The audit team should state the reason, specify the value corresponding to the number of plots and evaluate the land use efficiency of the VBSP.
- Some audit results have no corresponding recommendations, so the audit team needs to consolidate evidence and supplement appropriate recommendations.
Interviewing the leaders of the VBSP about the audit quality of the SAV over the years, the bank said that the audit quality reached 4.8 / 5 points. The evaluation score is calculated on 4 specific criteria, which are: Meeting the requirements of using information about the audited units of related subjects; Audit results and conclusions of the State Auditor must ensure truthfulness, objectivity and reliability; Audit proposals of the State Audit must be objective, right subject and feasible; Reasonable and effective use of resources to perform audits. Through the interview, the leaders of VBSP also affirmed that the management of the bank has been significantly improved thanks to the audit reports of the SAV, including:

- Timely rectifying the shortcomings in financial management, accounting, credit activities mentioned through the audit results: Directing the branches to overcome shortcomings in accounting and accounting work; comply with the current accounting regulations; Implementing and adjusting the financial plan to suit the reality, the Prime Minister's credit growth approval notice.

- Study and issue specific guidance documents for which cases, which credit programs must convert overdue debts by phasing, which subjects and credit programs are not required to convert overdue debts by phasing and is automatically monitored in the next period to ensure the implementation of debt classification according to the provisions of the Prime Minister's Decision No. 976 / QD-TTg dated July 1, 2015 on the promulgation of the Regulations on classification. debt at VBSP.

- Direct branches in the whole system to review, correct and terminate lending to the wrong subjects, lending without documents proving the loan use purpose; actively urge debt collection, supervise repayment on time, strictly comply with regulations on debt rescheduling and transfer of overdue debts.

- For capital construction investment activities: Strengthening the management of construction investment projects, financial management and accounting for projects.

- For activities of the Board of Representatives of the Board of Directors (BOD): reviewing the performance of the Board of Representatives in accordance with the provisions of Decision 162 / QD-HDQT in order to better advise and improve. performance of the Board of Representatives.

- For information technology (IT) system: investing in IT backup system to ensure the system operates safely, continuously and effectively, to support a number of information management operations. loan repayment term term for trust loan programs through mass organizations; demographic information for loans; accounting data management information system, capital usage ... of the bank.

It can be seen that, through the audit report of the SAV conducted at VBSP, the bank has taken a series of measures to improve operational efficiency to achieve its goals.

5. Conclusion

Audit quality is one of the important pillars of the State Audit Development Strategy to 2030 (the period 2020-2030) and a vision to 2035. Accordingly, audit quality must be continually improved. advancement and enhancement on all three fronts are competence, efficiency and efficiency. The strategy to improve audit quality focuses on performing the following main tasks:

About audit capacity

(1) Enhancing audit capacity for state budget statements of ministries, central agencies and local budget accounts of provinces and centrally run cities; strengthening operational audits, thematic audits, IT audits, environmental audits, head economic responsibility audits, auditing content for the country's sustainable development; improve the quality of financial audits, change the approach to auditing, audit organizations according to international practices.
Develop diversification of audit contents, step by step steadily develop, synchronize operational audit, IT audit, environmental audit and new audit contents and fields; strengthen and further promote the independence of the SAV, ensuring open, transparent, professional, formal, step by step modernization.

Improving the quality of auditing and evaluating state budget estimates; promptly give warning and independent advice right from the drafting stage to help the National Assembly and the Government evaluate possible medium and long-term scenarios or forecasts related to the distribution cycles. economic development, debt service, national target programs and other commitments such as social security, pension benefits, disaster prevention, climate change or financial shocks; helps the National Assembly to have a reliable, independent and objective source of information to decide on the state budget estimates, central budget allocations, and to decide on investment in projects and works of national importance.

Periodically auditing national public debt to evaluate the management and use of resources, structure, content, nature of revenue sources, spending tasks as well as forecasting and analyzing safety public debt, the sustainability of the impact factors in the order of priority in the arrangement and use of resources for national economic development.

About audit validity

(1) Constantly increasing the value and benefits of SAV activities by continuously improving, innovating and improving the quality of audit activities to meet the increasing requirements of the Party, State, and National Assembly. The Government and the people, especially the continuous increase in the value of financial statements in accordance with the Law on SAV.

(2) Auditing of major topics for the management and administration of the state budget, problems prone to negative, corruption, waste, important issues of the country. Suggest to improve mechanisms and policies, provide reliable, truthful and timely information, to meet the management and administration requirements of the Government; actively serves the activities of the National Assembly in terms of legislation, supervision and decision-making on important issues of the country.

(3) Meeting the increasing requirements in the inspection and supervision of Party agencies, and at the same time providing information to legal protection agencies and other State agencies in the implementation. mandates.

(4) Strengthen inspection of the implementation of audit conclusions and recommendations, apply IT to fully and continuously monitor audit conclusions and recommendations, and develop and apply sanctions against violating the Law on SAV.

(5) Maintaining and developing collaborative relationships of stakeholders (audited entities, the National Assembly, the Government, citizens, supreme audit bodies, international organizations, media ...) to the SAV activities to improve the validity of audit conclusions and recommendations.

About audit efficiency

(1) Constantly improving the quality of audit, shortening the audit time, using economically and effectively resources in the organization and SAV activities; increasing the application of auditing methods according to international practices and modern IT in auditing to gradually increase the number of audits at the SAV headquarters.

(2) Improve IT capacity for auditors, ensure 100% of auditors are knowledgeable and proficient in applying IT in auditing activities to convert traditional auditing processes to digital auditing processes based on data Big data and artificial intelligence, creating breakthrough motivation to improve audit efficiency.
(3) Develop a scientific and coherent plan for annual auditing, focusing on combining and integrating audits, operating audits in a flexible direction, minimizing the number of implementation, arguments at the same audited entity; improving the quality of survey work, making audit plans and analyzing, synthesizing audit results; closely coordinating with the Party and State inspection and examination agencies in performing professional tasks, especially in the formulation of audit plans and information exchange.

(4) Develop and complete fully professional and modern audit procedures and forms, reform administrative procedures, in which focus: Completely complete the Guidance on inspection approach accounting is based on material and risks according to the Audit Standards of each field; completing the audit process in accordance with the State Audit Standards, international practices; amending, supplementing and perfecting the system of auditing documents and forms in accordance with the Law on the State Audit, the system of SAV standards, in accordance with the reality of auditing activities.

(5) Standardize the technical performance skills, in which focusing on building mechanisms and policies, focusing on quality assessment of audit teams, audit teams and audit team members as the basis for rotation, assignment, and responsibility, salary increase, civil servant assessment; building decentralized regulations on the responsibilities of all levels related to audit results and recommendations.

(6) Researching foreign experiences, selecting and acquiring new, advanced and modern audit methods, enhancing the implementation of inter-national audits; synchronously deploy various types of audits associated with the IT application and digitalization of auditing activities.

Improving the quality of auditing of banks' financial statements performed by the SAV is essential to increase transparency and avoid auditing activities only formal. The strengthening of the audit quality control will help the SAV detect the limitations and shortcomings in the management and use of the state budget, thereby giving recommendations for the audited units to take remedial measures and rectification. and ensure financial order and discipline and transparency in the use of the budget. Strengthening audit quality control also helps raise awareness of audited entities and auditors in ensuring audit quality, full and serious compliance, demonstrating professionalism and accountability. career for the State and society.

The banks audited by the SAV are all banks with a part of the State capital and are all large banks, playing important roles in the economy such as Agribank, BIDV, Vietinbank, Vietcombank bank, ... Tasks of the SAV when conducting the audit of these units, first of all to contribute to the transparency and healthyness of information on the financial statements of these audited units, confirm their reliability. of financial statements. From there, it serves as a basis for the State to provide appropriate management measures and helps objects using information make decisions in relationship with the audited entity ... Besides, SAV also contributes to promoting quality banks to manage and use resources comprehensively both in terms of economy, effectiveness and efficiency. Therefore, improving the quality of auditing financial statements of SAV for banks in particular and for the whole industry in general has a very necessary role and is a strategic direction in the coming time.

**References**


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