

In businesses, the accounting documents should reflect thoroughly the state of affairs of a concern. Moreover, by auditing, interests of related parties or shareholders will be protected.

Having such an importance, however, audit has been considered as a kind of financial inspection by many companies.

In order to make this clear, we have paid a visit to Ms Trinh Hồng Nguyêt; Director of HCMC AISC, and Mr. Timothy Thiên Châu; head of Coopers and Lybrand branch in Vietnam.

Is there any repetition or contradiction between works of a company's accountant and an AISC auditor?

Trịnh Nguyệt Hồng: Accounting documents of a business have two qualities: rationality and legality. The duty of AISC is to check and gather accounting documents in order to verify the rationality of financial statement of a business, thereby presenting a true and fair view of the business' affairs, because there can be mistakes in the accounting records which could cause losses to businesses. As for legality of accounting documents, AISC will help businesses do their bookkeeping according to rules and regulations. Underestimating the role of audit, businesses could fail to exploit many regulations favorable for their operation. Frequently, these regulations could go unnoticed under the eyes of a company's accountant.

Unlike the government's financial inspection, the auditing company will help businesses correct mistakes in their financial statement, whereas the government's inspector or auditor will suggest a certain disciplinary measure once a mistake is discovered.

Timothy Thiên Châu: One of the difficult problems is that many principles of accounting of various nations have been applied to Vietnam accounting system. This leads to difficulty in evaluating accounting data or making comparison accounting records of one company with another. Therefore, auditing companies made their appearance in order to "adjust" and find out the best common way of

doing bookkeeping.

In my opinion, both local and foreign investors expect that their accounting records would reflect exactly investing process. For example, we can look at capital market, or stock market: in order to get permission to participate in a stock market, a company should have its accounting records done according to international accounting standard, because any failure of a company participating in the stock market originated from mistakes in accounting records, not only causes losses to investors but also causes damage to investors' trust in capital market. Therefore, auditors usually play an important role in making decision on participation of a company in stock market. In the matter of looking for capital, the international financial institutions such as WB, ADB... often make it clear to borrowers that international accounting standard should be applied in their countries.

reflect truly and fairly the company's affairs (assets and liabilities, profit and loss...). The investors usually place trust in audited accounting records and they could also have the accounts examined by auditors of their own.

In a developing economy such as Vietnam, users of accounting records will increase. Therefore, the Vietnam auditing business should speak the same language as the world in order to develop faster. This is also a way to attract foreign investment more actively.

What makes Vietnam businesses indifferent to audit?

Trịnh Hồng Nguyệt: Before a national auditing office was established "beside the Prime Minister", there were three auditing companies in HCMC. They are VACO, AASC and AISC. Although they are independent auditing companies, but they are responsible to Ministry of Finance and HCMC Financial Service. More exactly speaking, they are under the manage-



AUDIT: THE FINANCIAL LAWYER OF BUSINESSES

What is the role of audit in Vietnam economy at the present?

Timothy Thiên Châu: I saw that Vietnam was receiving investment from multinationals. These companies will join accounting records of subsidiaries to those of holding companies in order to prepare periodical accounting documents according to international accounting and auditing practice. Therefore, if Vietnam is slow in following the practice, it will have difficulty in attracting foreign investment. Another problem is that when local and foreign investors want to buy shares from existing companies, these potential shareholders will want to know whether the accounting records

ment of Ministry of Finance and HCMC Financial Service administratively but they have full autonomy in doing their business. Thus, Vietnam businesses are reluctant to consult auditing companies due to misunderstanding, or they have mistaken a financial lawyer for a financial inspector.

Our job is to help businesses present their state of affairs in financial statement reliably. And one of our principles is: to serve customers fully, timely, exactly and honestly. Besides that, we always keep customer's documents and records secret from the public, and we will compensate for the damage caused by AISC.

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