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**INTERNAL AUDIT ORGANIZATION IN VIETNAM CEMENT COMPANIES**

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**SUMMARY OF ECONOMIC THESIS**

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# INTRODUCTION

## **1. The urgency of the thesis topic**

Vietnamese enterprises in general and cement companies of Vietnam in particular play a particularly important role in the construction and development of the country. In order to meet the domestic construction demand for socio-economic development, Vietnam's construction programs have rapidly grown in both size and quantity. In parallel with the rapid development of construction programs, business managers must address issues such as: production and business efficiency; efficient use of resources; reliability of financial information; competitiveness by price, quality; efficiency, performance in selecting and implementing strategies, or ensuring compliance with laws, rules and regulations in the course of business operations. Facing new challenges, managers are looking for management measures to effectively manage activities in enterprises. Internal Audit (IA) appears objectively to meet the management needs of managers in a volatile business environment. Managers use Internal Audit as a management approach to the implementation of audit and evaluation objectives, thereby setting out the task of assuring and advising activities, compliance, reporting and support. contribute value to businesses.

*Theoretically*, in a unit, an organization or an enterprise, internal audit is an independent evaluation function for the various activities of the enterprise as a support to the organization. The assistance of IA is expressed through the implementation of the guarantee function and consultation with all activities in the enterprise. Specifically, with the assurance function, the Internal Audit carries out the inspection, confirming from there to make sure the adequacy and efficiency of the processes and divisions in the enterprise, including internal control. (IC), Risk Management (RM) and Corporate Governance (ICM) and other important functions. Since then, helping administrators realize the organization of operation of functions, tasks, divisions in the enterprise has brought efficiency or not. Conversely, when the operational efficiency is not high, IA will continue to promote the consulting function. Through consulting, training, communicating IA will provide valuable ideas for the development and completion of processes and activities in the enterprise. By promoting that supporting role, the IA in the world has made strong development steps and become a professional activity. In developed countries, IA is organized in most large-scale enterprises with many diverse models. The effective operation of this department has helped the manager not only to ensure the reliability of financial and economic information but also to ensure compliance with laws, regulations, rules and regulations as well as improve the efficiency, economy and performance in the various functional activities of the business.

*In fact*, in the enterprise sector in Vietnam, there have been a number of listed enterprises, state-owned enterprises are interested in organizing the Internal Audit Department in line with international practices. However, most of Vietnamese enterprises have not organized IA. According to the ASEAN Management Score Report 2015 - 2016, among 55 Vietnamese enterprises participating in the assessment, only 40% of enterprises have an independent audit department (about 22 companies), 60% do not have an internal audit department (33). company). For 52 surveyed Vietnamese construction companies, only 3.85% had an internal audit department (2 companies). This ratio indicates that many enterprises in general and Vietnam's construction workers in particular still do not fully and properly aware of the role, functions and benefits of Internal Audit in meeting reporting and compliance objectives. as the performance of businesses. Meanwhile, Internal Audit has a long history of development in the world, increasingly asserting its important position and professional activities. In developed countries, IA is organized in most large-scale enterprises with many diverse models. This shows that the internal audit organization in Vietnam enterprises in general and Vietnam's construction programs in particular will be the inevitable development trend.

In addition, organizing internal auditing in some types of enterprises including Vietnam construction companies is a mandatory legal requirement. In the early years of the 21st century, a series of legal documents came into being such as the 2011 Independent Auditing Law, the 2010 Law on Credit Institutions; Circular 44/2011 / TT-NHNN, Circular 210/2012 / TT-BTC, Decree No. 73/2016 / ND-CP, Circular 50/2017 / TT-BTC, Law on Enterprises 2014, Law on Accounting In 2015, the regulations on organizing and implementing Internal Audit in a number of specific types of enterprises include SOEs, JSCs, credit institutions, insurance enterprises and securities companies. Until 2016, the Government issued a draft Decree on Internal Audit to collect public comments. After 3 years of commenting, the Decree on Internal Audit was born in 2019. Decree No. 05/2019 / ND - CP dated January 22, 2019, provides for entities and internal audit entities. According to statistics of the Vietnam Cement Association in 2018, the whole country has 52 cement companies, of which 43 cement companies are joint stock companies, accounting for nearly 83%. Based on Decree No. 05/2019 / ND-CP, there are 18 listed cement companies, 2 Corporations, Cement Group are mandatory subjects to organize Internal Audit, accounting for nearly 45% of cement joint stock companies. bamboo shoots. Thus, organizing the IA in Vietnam Construction Programs is a mandatory legal regulation.

The above analysis shows that the internal audit organization in Vietnamese cement companies is an urgent requirement both in theory and practice, in order to comply with legal requirements as well as meet practical needs. activities of Vietnamese

cement companies. The topic "***Internal audit organization in Vietnam cement companies***" has the theoretical and practical significance for the internal audit organization in enterprises in general and Vietnamese cement companies in particular.

## **2. Overview of the research works related to the thesis topic**

An overview of the research works related to the thesis topic is very important. In this section, the author delves into an overview of the research works on Internal Audit and Internal Audit Institutions in the country and internationally to draw conclusions of the research projects on Internal Audit organization. research for your thesis topic. Specifically, the research works are classified by the author according to the general internal audit content, organizing the development of internal audit regulations and apparatus, determining the content of internal audit, applying the approach and methodology. technical method of internal audit and organizing the internal audit process, analyze the achieved results, thereby drawing research gaps for the thesis.

### ***2.1. Overview of the research situation of the topic***

An overview of the research works related to the thesis topic is very important. In this section, the author delves into an overview of the research works on Internal Audit and Internal Audit Institutions in the country and internationally to draw conclusions of the research projects on Internal Audit organization. research for your thesis topic. Specifically, the research works are classified by the author according to the general internal audit content, organizing the development of internal audit regulations and apparatus, determining the content of internal audit, applying the approach and methodology. technical method of internal audit and organizing the internal audit process, analyze the achieved results, thereby drawing research gaps for the thesis.

### ***2.2. The conclusions drawn from the research works related to the thesis topic***

#### ***2.2.1. Researched results related to the thesis topic***

#### ***2.2.2. Research gaps***

In general, the studies have clarified the basic theories of Internal Audit as well as solved the problem of organizing Internal Audit in some specific industries, fields or businesses. However, studies still have some unresolved gaps as follows:

Firstly, on organizing the development of internal audit regulations and internal audit apparatus. The models of internal audit organization have been classified according to different criteria. The individual authors have pointed out the advantages and disadvantages of each applied model and type of enterprises, and the tasks and powers of the internal audit apparatus. However, the argument about the relationship between internal audit apparatus in relation to internal control, risk management with the role of 3 lines of defense against risks for enterprises has not been specifically analyzed. Accordingly, applying this relationship to organize the internal audit apparatus in

parallel with the construction and completion of the first defense barrier - internal control and the second defense barrier - risk management risks in order to promote maximum combined efficiency in Vietnamese cement companies have not focused on analysis yet. This is a gap in theory and practice that the dissertation needs to supplement in order to guide the internal audit apparatus organization in Vietnamese cement companies in the most scientific and appropriate way.

*Secondly, organizing of determining internal audit content.* Studies on the organization of the content of internal audit have shown that the organization determines the contents of audits of financial statements, compliance audits and performance audits in enterprises. identify risks and manage risks that affect organizations that define internal audit contents. However, this influence has not been clearly explained, not yet showing the interaction between risks, risk management and risk management results. Internal audit content in the business. The contents of internal audit are determined to be discrete, mainly according to each type of audit. Besides, the organization of identifying new content is mainly analyzed by the authors according to each type of audit, but has not yet given the content of specific tasks according to the functional role of internal audit. the set. In practice, the main studies have concretized the content of the implementation of compliance audits and financial statements audits, not focusing on operational audits, while in the world auditing works. The review is important and popular content. Studies on the organization of determining the content of operational audits in general and environmental audits in particular in enterprises in Vietnam are still limited, especially in cement companies, therefore, the defining the content of operational and environmental audits in cement companies is a research gap that needs to be completed and supplemented, contributing to improving audit efficiency.

*Third, on the organization of applying the approach and method of internal audit techniques.* Studies have shown the audit approach, which has pointed out the advantages and disadvantages of the methods, especially the risk-based internal audit method. However, studies have not yet shown the relationship between risk management and internal control in enterprises when applying this audit approach. For each different level of the organization and operation of internal control, especially risk management, it will affect the application of a risk-based audit approach. In practice, this approach in cement companies has not been applied, although it has been stipulated in the internal audit regulations in some companies. to be able to organize the most effective application requires Vietnamese cement companies to perform synchronously with the organization and operate internal control and risk management. For organizations applying audit techniques, the organization of application for each content of internal audit, especially technical inspection, is necessary, helping the auditing firms have

appropriate orientations for organization and application to Collect adequate appropriate audit evidence. These are gaps in theory and practice that the thesis needs to be filled.

*Fourth, on organizing the internal audit process.* The organization of the internal audit process has been elaborated, generally describing the steps in organizing internal audit in enterprises. however, the process organization in Vietnamese cement companies needs to be more specific, in particular some risk assessment organization functions to make annual audit plans and plans for each audit.

*Fifthly, on the application of internal audit organization in each field of profession.* Overall, the domestic research although there are industry-level topics or doctoral theses, monographs, specialized journals related to the organization of internal audit activities at the units, but there is no research yet. research to assess the status of internal audit organizations in cement companies in Vietnam. Abroad, the study of internal audit at organizations in countries around the world is quite diverse, including developed and developing countries. However, due to the difference in circumstances, economic, social and legal environment as well as the applicability of Vietnam's public audit, it led to the study of internal audit organization in public. Cement company in Vietnam is a necessary gap to be solved.

### **3. Research purpose**

- + Generalizing, systematizing and clarifying basic theories on internal audit and internal audit organization in the enterprise; expose the content of internal audit organization on the aspects of organizing the development of internal audit regulations, internal audit apparatus, determining the internal audit content, applying the next method. Approach, method of internal audit technique and organize internal audit process. at the same time, reflect, analyze the situation of internal audit organizations in prestigious companies, cement groups and construction materials in the world, thereby drawing valuable lessons learned in the organization of auditing. internal accounting in cement companies in Vietnam.

- + Analyzing the situation of internal audit organization in Vietnamese cement companies, assessing the situation of internal audit organization in Vietnamese cement companies on the advantages, limitations, analyzing raw materials. This led to the limitations, as a basis for proposing solutions to improve the internal audit organization in the internal audit organization in cement companies in Vietnam.

- + Proposing solutions to improve internal audit organization in Vietnamese cement companies according to international practices, in accordance with the characteristics of Vietnamese cement companies.

### **4. Research questions**

- + The concept and nature of internal audit in the enterprise, basic issues of internal

audit in the enterprise such as objectives, classification, roles, functions, tasks, subjects, scope, How are the processes and methods understood? How is the relationship between internal audit and risk management expressed in corporate management?

- + The content of internal audit organization in the enterprise in terms of organizing the development of internal audit regulations, internal audit apparatus, determining internal audit content, applying how to approach, internal audit techniques and internal audit process organization?

- + How the situation of internal audit organization in some typical companies, cement groups of construction materials in the world, applying at Vietnamese cement companies can draw valuable lessons learned. which?

- + Current situation of internal audit organization in Vietnam cement companies on the aspect of organizing the development of internal audit regulations, internal audit apparatus, determining internal audit content. How do ministries and organizations apply the internal audit techniques and methods as well as organize the internal audit process? What advantages have been achieved, what are the limitations and what are the causes of the limitations in the internal audit organization at Vietnamese cement companies?

- + Proposing how to improve the internal audit organization to ensure compliance with the development orientation and characteristics of Vietnamese cement companies?

## **5. Research subject and scope**

Research subjects: The study focuses on researching internal audit organizations in enterprises.

### **Research scope**

- + Scope of space: The thesis focuses on researching internal audit organizations in cement companies in the territory of Vietnam to organize internal audit by themselves, not including cement companies with invested capital. abroad, hire an IA service.

- + scope of time: the dissertation studied internal audit organization in 52 cement companies in Vietnam from 2017 to the present. this is the period of time internal audit organization in some cement companies in Vietnam is performed, which is also the period of legal change for the organization and implementation of internal audit for cement companies in Vietnam. This stage also saw a change in viewpoints and perceptions in the internal audit organization in Vietnamese cement companies. Research data was collected in the following specific time periods: for secondary data: the study used data from 2017 to the present time; For the primary data, the study uses the data collected through the survey from September 2017 to September 2018.

- + Scope of content: Within the scope of the thesis, the author approaches the internal audit organization in the enterprise in terms of organizing the formulation of regulations, internal audit apparatus; organize the internal audit contents; organize the



application of approaches, internal audit techniques and organize internal audit processes in the enterprise.

## **6. Research method**

### ***6.1. Methodology***

The thesis is researched on the basis of dialectical materialism and historical materialism of Marxism - Leninism. In particular, the thesis uses dialectical materialism view to consider internal audit organization in the interaction relationship with other departments and functions in Vietnamese cement companies, real viewpoints. to consider the applicability of internal audit organizations in Vietnam cement companies, the systematic perspective for studying internal audit organizations as a whole, and the historical materialist perspective for team research. Internal audit organization in Vietnamese cement companies in the development process of internal audit in Vietnam. applying these methodologies, the thesis synthesizes the awareness of internal audit organizations in general and internal audit organizations in Vietnamese cement companies in particular to ensure systematic, application, and conformity. suitable for specific circumstances.

### ***6.2. Technical methods***

In the thesis, the author has applied a combination of research methods such as generalization, systematization, analysis, synthesis ... studies, doctoral theses, topics at all levels, surveys of Iia Global Internal Audit Institute, previous articles, research works on internal audit and internal audit organizations in enterprises, especially the organization of building regulations, internal audit apparatus ministries and organizations determine the contents of internal audit, organizations apply the approach and method of internal audit techniques, organize the internal audit process in the enterprise. These studies are used to analyze, systematize and clarify the theoretical basis for internal audit and internal audit organization in the enterprise.

In order to study the situation of internal audit organizations in Vietnamese cement companies, PhD students use a number of specific technical methods such as investigation, interview, synthesis, analysis and statistics techniques. , compare, ... a flexible way to collect information, documents and process data. As follows:

#### ***(\*) Methods of collecting information and documents***

PhD students perform information and document collection by methods such as:

+ For secondary data: PhD students gather information on the situation of internal audit organization in Vietnamese cement companies in the annual reports of the Board of Directors, the Control Board and the Supervisory Board. internal accounting of cement companies, Vietnam cement associations from 2017 to the present. collect information through websites of Vietnamese cement companies, professional and

internal auditing professional organizations such as the iia global internal audit association, accounting association and Vietnam audit, accounting journals - domestic and foreign auditing. At the same time, consult experts, academics on internal audit at universities, research institutes, administrators, internal auditors in Vietnamese cement companies. male.

+ For primary data: PhD students gather information about the situation of internal audit organization at Vietnamese cement companies by sending survey questionnaires, in-depth interviews, observations, surveys, Research audit documents and documents of Vietnamese cement companies. Specifically:

- PhD students formulate a questionnaire about internal audit organization and use this questionnaire to survey the opinions of members of the board of directors, administrators at all levels, the head of the control board, the head Internal audit department and internal auditors are involved in the organization of internal audit in Vietnamese cement companies. Research students follow 2 ways: direct survey and email to the survey subjects. According to the statistics of Vietnam Cement Association in 2018, there are currently 52 cement companies across the country. PhD students have sent survey papers to 52 Vietnamese cement companies.

- PhD students went directly to Vietnamese cement companies to interview, observe the working process and collect documents including audit records, documents related to the organization of the audit apparatus, organize the operation and internal audit process. PhD students conduct case studies at five Vietnamese cement companies: But Son Cement Joint Stock Company, Hoang Mai Cement Joint Stock Company, Tam Diep Cement One Member Company Limited, Long Son Cement Limited Company and Bim Son Cement Joint Stock Company.

#### *(\*) Document processing method*

From the collected questionnaires, after filtering out the valuable questionnaires, the fellows synthesize and classify survey results from the survey questionnaires, using the synthesis by Excel software to Reasonable data has scientific basis to determine the percentage of each answer. Specifically, the PhD student sent 297 questionnaires, collected 272 votes, filtered out 22 invalid votes, the remaining 250 questionnaires were synthesized (84.18%). Summary of the survey results on the internal audit organization is presented in detail in Appendix 2.5. (*Appendix 2.5: Summary of survey results on internal audit organization in Vietnamese cement companies*).

In addition, the student also uses the case study method at Hoang Mai Cement Joint Stock Company and Tam Diep Cement One Member Company Limited to collect detailed and practical information. on the organization of internal audit at these businesses. This method is also applied to Bim Son Cement Joint Stock Company, Long

Son Cement Company Limited, But Son Cement Joint Stock Company to collect information on the status of organization and operation. control, identify the cause and orientation of internal audit organizations in Vietnam cement companies that have not organized internal audit.

## **7. Research results and new contributions of the thesis**

Theoretical aspect: The thesis has systematized and clarified the basic theories on internal audit and internal audit organization in the enterprise in terms of organization of building regulations, inspection apparatus. internal math; organize the internal audit contents; organize the application of approaches, internal audit techniques and organize internal audit processes in the enterprise.

In terms of practice: the thesis has described the situation of internal audit organization in Vietnam cement companies, including the content of organizing the development of regulations, internal audit apparatus; organize the internal audit contents; organize the application of approaches, internal audit techniques and organize internal audit processes. Assessing the situation of internal audit organization in Vietnam cement companies points out the advantages, limitations and causes of the limitations. on that basis, the thesis has proposed solutions to improve internal audit organization in Vietnamese cement companies. The solutions are systematic, practical and feasible, contributing to building, improving and improving the quality and effectiveness of internal audit organizations in cement companies in Vietnam.

## **8. The structure of the thesis**

In addition to the introduction, conclusion, list of tables, diagrams, references and appendices, the thesis consists of 3 chapters:

Chapter 1: Basic theoretical issues about internal audit organization in the enterprise

Chapter 2: Actual situation of internal audit organization in Vietnamese cement companies.

Chapter 3: Solutions to improve internal audit organization in cement companies in Vietnam

# **CHAPTER 1**

## **BASIC THEORETICAL ISSUES ON INTERNAL AUDIT ORGANIZATION IN ENTERPRISES**

### **1.1. OVERVIEW OF INTERNAL AUDIT IN ENTERPRISES**

#### **1.1.1. Concept, objectives and classification of internal audit**

In this content, the PhD student has summarized, analyzed and introduced the concept of internal audit in the enterprise, at the same time pointed out the objectives of the internal audit and classified the internal audit according to certain criteria.

#### **1.1.2. The role, functions, tasks, subjects and scope of activities of internal audit in the enterprise**

The contents of the Internal Audit's role, functions and duties have been summarized, and the PhD student has also pointed out the object and scope of internal audit activities in the enterprise.

#### **1.1.3. Content, process, approach and technical method of internal audit**

The content of internal audit is indicated by the PhD student on the aspects of financial statement audits, compliance audits and operational audits.

The Internal Audit process is analyzed in 4 steps: Planning the Internal Audit, performing audits, summarizing the preparation of audit reports and monitoring the implementation of the Internal Audit recommendations.

At the same time, the technical methods of the Internal Audit and the Internal Audit approach were given by the PhD student, especially the risk-based approach.

#### **1.1.4. Internal audit with risk management and internal control within the enterprise**

Postgraduate gave the theory of risks and risk management in enterprises, analyzed and clarified the relationship between internal audit with risk management and internal control in the model of three lines of defense of the enterprise.

#### **1.1.5. Internal auditor in the enterprise**

The content of Internal Audit such as concepts, standards of Internal Audit and Chief Auditor has been given and analyzed in this content.

### **1.2. OVERVIEW ON INTERNAL AUDIT ORGANIZATION IN ENTERPRISES AND CHARACTERISTICS OF CEMENT COMPANIES AFFECTING INTERNAL AUDIT ORGANIZATIONS**

#### **1.2.1. Concept of internal audit organization in the enterprise**

The concept of "organization" has been introduced by the PhD student from the perspective of the Vietnamese encyclopedia, Wikipedia's encyclopedia dictionary as a noun and verb. Then combine analysis of organizational concepts in management

science and content of Internal Audit to give the concept of Internal Audit organization and commentary on the scope of the thesis research. Within the scope of the thesis, the PhD student researches the content of Internal Audit under the following perspectives: Organizing the development of the Regulation, apparatus, content identification organizations, applying the approach, technical testing method. Math and organize the internal audit process.

The thesis also pointed out the bases and principles of Internal Audit organization, factors affecting Internal Audit organization, combining analysis of the characteristics of cement companies to point out the factors that affect the Internal Audit. Internal Audit in cement companies.

### **1.3. CONTENT OF INTERNAL AUDIT ORGANIZATION IN ENTERPRISES**

The content of internal audit organization in the enterprise was given by the PhD student and analyzed on 04 aspects:

- + Organization of the Regulation and Internal Audit
- + Identify the content of Internal Audit
- + Organizing the application of the IAE approach and technique
- + Organize the internal audit process

### **1.4. EXPERIENCE IN INTERNAL AUDIT ORGANIZATION OF SOME COUNTRIES IN THE WORLD, AND LESSONS LEARNED FOR ENTERPRISES IN VIETNAM**

To better understand the internal audit organization in enterprises in the world related to the thesis topic, the PhD student studied the status of the internal audit organization in some of the world's leading cement production groups such as Cement Group. Siam City Cement - INSEE Thailand and Taiheiyo Cement Corporation Japan.

## **CONCLUSION OF CHAPTER 1**

## **CHAPTER 2**

### **CURRENT SITUATION OF INTERNAL AUDIT ORGANIZATION IN VIETNAM CEMENT COMPANIES**

#### **2.1. OVERVIEW OF VIETNAM CEMENT COMPANY**

In this section, the PhD student presented an overview of the Vietnamese cement companies, including the content of the formation process of development, quantity, scale, allocation as well as production and business characteristics and management characteristics in Vietnamese cement companies.

At the same time, NCS has also launched the basis for internal audit organization in Vietnamese cement companies, including the bases issued by Vietnamese law and the regulations and regulations issued by cement companies. Besides, the PhD student analyzed and pointed out the factors affecting the internal audit organization in Vietnamese cement companies.

#### **2.2. CURRENT SITUATION OF INTERNAL AUDIT ORGANIZATION IN VIETNAM CEMENT COMPANIES**

Survey results on Internal Audit organization in Vietnam cement companies reflected in 52 cement companies, only 02 cement companies have organized Internal Audit Department (3.85%), the remaining 50 companies. cement (96.15%) has not organized IA. 02 companies organized the Internal Audit department, including Tam Diep Cement Company Limited and Hoang Mai Cement Joint Stock Company. The remaining 50 cement companies have not yet organized their own internal audit department, but according to the organizational structure, there is a control department that performs the functional tasks of the Internal Audit. Therefore, to reflect the current situation of the internal audit organization in Vietnamese cement companies, the PhD student reflected on two groups: Group 1 - The cement companies organized the internal audit and group 2 - Unorganized cement companies. Internal Audit. The status of organizing the Internal Audit in these 2 groups of cement companies was shown by the PhD student on the following contents:

- + Current situation of organizing the development of regulations and organizational structure of Internal Audit
- + Actual situation of determining the content of Internal Audit
- + The situation of organizing the application of the IAE approach and technique
- + Actual situation of Internal Audit process

#### **2.3. EVALUATION OF REAL SITUATION OF INTERNAL AUDIT IN VIETNAMESE CEMENT COMPANIES**

In this section, the PhD student has shown the results achieved in Internal Audit organization in Vietnam cement companies, and pointed out the limitations and causes

of the limitations in the Internal Audit organization in cement companies. Vietnamese bamboo shoots.

Restrictions, in turn, were made according to the contents of the internal audit organization in 2 groups of Vietnam cement companies including: the Vietnam construction union group that organized the internal audit and the Vietnam's construction unspecified organization group. Specifically:

+ ***Organizing the development of internal audit regulations and organizing internal audit apparatus***

**(\*) For Vietnamese cement companies, internal audit is organized**

+ Firstly, on the organization of the construction of internal audit regulations: the content of internal audit regulations built in 2 cement companies has not yet been arranged in a logical order, leading to the content development that may be duplication or omission, making it difficult to use, especially for those who do not understand audit work.

+ Second, on recruiting personnel, assigning tasks: (1) internal audit personnel in 2 cement companies are mainly recruited from internal transfer from divisions within the company, which rarely does recruit from experienced external auditors resources. (2) the internal audit personnel are concurrently leading to a decrease in the independence of audit activities. (3) recruitment and appointment criteria are still sketchy, resulting in low recruitment efficiency.

+ Thirdly, on the organization of training activities to foster professional capacity and professional ethics for ktvnb: Training activities to foster professional capacity are not diverse, fostering professional ethics has not been focus on cement companies, there are no measures to control professional ethics for ktvnb in the process of working.

**(\*) For Vietnamese cement companies that have not held an internal audit**

+ Firstly, the organization of building internal audit regulations: The survey results show that the number of cement companies that have internal audit departments is still very small. of 52 cement companies surveyed in Vietnam, only 02 companies are Tam Message Cement Limited Company and Hoang Mai Cement Joint Stock Company have an internal audit department, accounting for 3.85%, the remaining cement companies have not organized internal audits, accounting for 96.15%. accordingly, in these cement companies, the organization of building internal audit regulations has not been implemented.

+ Second about the organization of the internal audit apparatus: Although cement companies have organized control activities in the colors of internal audit, however, due to the lack of organization of the internal audit apparatus, they have not been able to fully perform the functions of internal audit.

+ *The organization of defining internal audit contents*

**(\*) For Vietnamese cement companies that have organized an internal audit**

+ First: due to the failure to improve the risk management function, not to implement the overall and detailed regulations, the organization of determining the audit content in the current cement companies is being identified by the organization. types and purposes of auditing are based on the results of evaluating production and business activities, strategic objectives that are not yet associated with the results of the company.

+ Second: the organization of the internal audit content at Vietnamese cement companies focuses mainly on evaluating the fairness and integrity of financial and economic information as well as the status of compliance with the regulations. laws and regulations but have not paid adequate attention to the organization of determining the contents of operational audits in order to assess the economy, efficiency and effectiveness of sections, activities, programs and projects in cement companies.

+ Third: The organization of the internal audit content has not focused on determining the internal audit contents related to the environment. Meanwhile, cement production is an industry that has many environmental impacts, including air, surface water and groundwater, which have negative impacts on workers' health. activities, residential areas around the factory and natural flora and fauna environment. The cost of implementing projects, programs and measures to limit negative impacts on the environment for cement plants is enormous.

+ Fourth: The organization of determining internal audit at cement companies in Vietnam has not focused on the advisory function of internal audit, which is mainly determined based on the guarantee function, which makes a shortage. The tremendous role of internal audit.

**(\*) For Vietnamese cement companies that have not held an internal audit**

Similarly, for the group of companies that have organized internal audits, the organization of the control contents is determined to focus mainly on checking and evaluating the contents related to the reliability of economic information. finance, compliance but not focused on the organization of the content of efficiency, economy and effectiveness, activities related to the environment. nor has the content of consultancy such as internal audit been carried out.

+ *About the organization of applying the approach and method of internal audit techniques*

+ First: In the internal audit organization of Vietnamese cement companies, the application of risk-based audit approach is noted. However, the practice has not been applied because the cement companies lack the reasoning and experience in organizing the application.



+ Second: for auditing techniques, cement companies mainly perform basic auditing techniques in financial statement audits and compliance audits. Other technical methods have not yet been diversified. In case the organization determines the internal audit contents related to the environment, the specific technical methods of environmental audit need to be applied by the organization to ensure the requirements and quality of the audit.

+ **Organizing the internal audit process**

**(\*) For Vietnamese cement companies, internal audit is organized**

Regarding the organization of each stage of internal audit process, Vietnamese cement companies still have some limitations as follows:

+ Regarding the organization of internal audit planning: the risk assessment function in cement companies in Vietnam is not yet complete, mainly just at identifying risks, leading to unrealized risk scores. prices to serve the organization of determining the content, object and scope of audit.

+ Regarding the organization of internal audit: (1) the sampling method in conducting audits is not diverse, mainly focused on non-statistical sampling based on career judgments of ktv, not based on objective basis, therefore, the reliability in general is not high. (2) there is no specific regulation on the construction of working documents of ktvnb such as planning to collect bckt, which leads to the orientation of full collection of bckt bucks suitable for the auditing criteria is still unclear. .

+ About the organization of summarizing the results and making the internal audit report: in the organization of summarizing and classifying the results, it has not made a summary of audit results for each audit.

+ Regarding the organization of monitoring the implementation of internal audit recommendations: (1) Vietnamese cement companies have not conducted a summary of the monitoring results of the implementation of recommendations, the extent of implementation and the causes of the unfinished implementation is the basis for proposing regulations on sanctions. (2) Vietnamese cement companies should add measures to motivate auditing entities to implement internal audit recommendations, contributing to improving the internal audit efficiency.

**(\*) For Vietnamese cement companies that have not conducted an internal audit**

The organization of a new control process is mainly implemented in 3 phases, monitoring the implementation of new recommendations is implemented in very few companies. therefore, it is necessary to organize an internal audit process with detailed work steps for specific and clear implementation of the audit.

## **CONCLUSION OF CHAPTER 2**

## **CHAPTER 3**

### **SOLUTION TO IMPROVE THE INTERNAL AUDIT ORGANIZATION IN VIETNAMESE CEMENT COMPANIES**

#### **3.1. DEVELOPMENT ORIENTATIONS, REQUIREMENTS, REQUIREMENTS, PRINCIPLES FOR IMPROVING INTERNAL AUDIT ORGANIZATIONS IN VIETNAMESE CEMENT COMPANIES**

In this section, the PhD student gives directions and development strategies of Vietnamese cement companies, and points out the requirements and principles of internal audit organization in Vietnamese cement companies.

#### **3.2. FINISHING SOLUTIONS ORGANIZATION OF INTERNAL AUDIT IN VIETNAMESE CEMENT COMPANIES**

##### **3.2.1. Solution to improve the organization of building the Regulation and organize the internal audit apparatus in Vietnam cement companies**

###### ***3.2.1.1. For Vietnamese cement companies, internal audits have been organized***

In this section, students turn to complete solutions including:

Firstly, improve the organization to build internal audit regulations: the content of the regulation follows the internal audit regulations issued by the Ministry of Finance to enterprises in Appendix 3.1.

Secondly, perfecting the recruitment organization, assigning the task of internal auditors: When recruiting personnel for the internal audit department at the company, managers should give priority to recruiting internal auditors. have audit experience, especially for the head of the internal audit committee. need to ensure the independence for internal auditors. on building recruitment criteria, appointing internal auditors. When developing a set of criteria, human resources department should have the advice of the internal audit department, and consult companies with long-term experience in the internal audit organization. The development of a set of criteria should be based on international standards on internal auditors.

Thirdly, perfect the organization of training and retraining of professional capacity and professional ethics for internal auditors

- + For training and retraining of professional capacity
  - Professional training for internal auditors
  - About how to do it.
  - On how to control the quality of training.
- + For improving professional ethics for internal auditors
  - Develop a commitment to professional ethics
  - Control the professional ethics of internal auditors

### ***3.2.1.2. Vietnamese cement companies have not conducted an internal audit***

#### **a. Improving the organization of building internal audit regulations**

The organization of internal audit regulations in Vietnamese cement companies is required to pay attention to the following:

- + About time.
- + About the division responsible for content development, review and adjustment.
- + Regarding the development of contents of internal audit regulations: Appendix 3.1 describes the contents of internal audit regulations issued by the Ministry of Finance.
- + About the organization of announcement of the internal audit regulations.

#### **b. Improve the organization of internal audit apparatus**

Based on the size, scope of operation and business diversification of Vietnamese cement companies, in the solution of organizing internal audit apparatus, graduate students will divide 50 cement companies. nam into 02 main groups including: group 1a is a group of corporations, cement corporations are very large scale and group 1b includes the remaining cement companies.

##### **(\*) Group 1A: Group, Cement Corporation has a large scale**

Belonging to Group 1A are large-scale cement corporations and cement corporations operating under the parent company - subsidiary model. representatives include: Hoang Phat Group VISSAI and Vietnam Cement Industry Corporation VICEM. both of these two units have diversified business and production characteristics and distribution areas of their affiliates and cement companies from the north to the south in the territory of Vietnam. The organization of the internal audit apparatus in these cement companies is conducted as follows:

- + Regarding the organizational structure: graduate students propose the organizational structure of internal audit combined in Appendix 3.2.

- + About the organization of tasks and powers.
- + About the position of the internal audit department.

##### **(\*) Group 1B: group of remaining cement companies**

Group 1B includes the remaining cement companies that have common characteristics in terms of production characteristics, mainly focusing on producing main products of cement and clinker, concentrated and non-dispersed production areas. Based on the provisions of the Vietnamese law on internal audit organization and opinion on the need for internal audit organization of Vietnamese cement companies, graduate students divide this group into 02 small groups. including: group 1B1 group of listed cement companies and group 1B2 unlisted cement companies. PhD students classified into two small groups as above because of the mandatory requirements of the internal audit decree No. 05/2019/ND-CP on the implementation of internal audit for listed

businesses and public groups Unlisted cement companies are encouraged to organize and perform internal audits.

For the cement companies of group B1, the candidate proposes to organize the internal audit apparatus to carry out internal audits due to the objective urgency of the internal audit organization as well as the requirements of law. Appendix 3.3 describes the list of listed cement companies.

For the remaining unlisted group of companies, it is advisable to set up annual internal audit teams or hire independent auditors who are qualified to provide internal audit services to the company.

### **3.2.2. Solution to improve organization of determining internal audit content in Vietnamese cement companies**

#### ***3.2.2.1. For Vietnamese cement companies, internal audits have been organized***

Firstly, the organization determines the internal audit content should be linked to the results, especially when Vietnamese cement companies apply a risk-based internal audit approach. The overall solution to improve the overall research students are presented in Section 3.2.4.1 to serve to improve the internal audit process organization. The overall results are determined in Appendix 3.19.

Secondly, perfecting the organization of the content of audit activities. PhD students propose a solution to the organization of determining the audit content in Annex 3.7 for the sales department, production department and supplies - supply department in cement companies in Vietnam.

Thirdly, finalize the organization to determine the content of environmental audit

- + Checking and assessing the truthfulness and rationality of the economic and financial information related to the environment in the enterprise, such as the cost of environmental treatment facilities, the cost of building fences, planting trees, wastewater treatment systems, treatment systems and fire prevention ...

- + Checking and assessing compliance with environmental laws set by the state, ministries, branches, provincial/municipal People's Committees as well as the company's internal rules and regulations during the construction and operation of the houses. cement production machine.

- + Check, consider and assess the appropriateness of the implementation process of environmental protection projects and programs.

- + Checking and evaluating the design and effectiveness of the environmental monitoring system, checking and evaluating the accuracy of forecasting methods and forecasting results.

- + Checking and evaluating the continuous operation and operation of environmental pollution treatment systems, projects and programs. check and evaluate

the system of machinery and equipment meet the technical standards or not?

- + Checking and evaluating the effectiveness of the use of funding for environmental protection projects at cement companies every year.

- + Examining and evaluating the effectiveness, efficiency and economy of the implementation of projects, programs, environmental protection measures, projects on improving sources of raw materials and production equipment in service of the green development of the company.

Fourthly, finalize the organization to determine the content of internal audit to perform the consultancy function

The current status of surveys on determining internal audit content in Vietnamese cement companies shows that Vietnamese cement companies only focus on identifying content related to the guaranteed function through inspection, evaluation and confirmation on audited subjects. Meanwhile, the advisory function of internal audit plays an extremely important role in contributing value to the company. The internal auditor with his knowledge, knowledge and authority will provide training consultancy, focusing on the shortcomings and weaknesses of the audit subjects, thereby helping to improve the effectiveness of Auditors in particular and the whole company in general. In order to maximize the role of internal audit, the researcher proposes to improve the organization of the internal audit content to perform the following consulting functions: Implementation in Vietnamese cement companies may cover the main content of mentoring and training.

#### ***3.2.2.2. for cement companies not held internal audit***

When conducting the organization of determining the contents of internal audit, attention should be paid to the following main contents:

- + Determining the responsibilities of the organization to determine the contents of internal audit.

- + Grounds for the organization to determine the content of internal audit.

- + Function of internal audit.

In addition, Vietnamese cement companies that have not organized internal audit in general and organizations that determine the contents of internal audit in particular can refer to solutions to improve the organization of determining the content of internal audit. in companies that have held internal audits. practical analysis as well as conditions of development level at the enterprise to be able to apply the most effective solution in organizing the determination of the internal audit content.

### **3.2.3. Complete solutions to organize the application of approaches and internal audit techniques in cement companies in Vietnam**

#### ***3.2.3.1. Improve the organization applying the internal audit approach***

+ Organization determining conditions for applying the method: Applying according to given criteria, risk management at Vietnamese cement companies is assessed at level 2 (risk aware): risk management is applied but not usually.

+ Identify the internal audit tasks:

- Advice on risk management organization: detailed description presented by the PhD student in item a, complete risk assessment for audit planning - in the content.

**3.2.4.1. *Completing the internal audit process organization in cement companies has organized internal audits.***

- Advice on risk assessment process: risk assessment process is built according to the following steps: identify, evaluate and prepare a plan to cope with risks. the process described by the PhD student and actualized in Vietnamese cement companies in section a, completed risk assessment for audit planning - in content 3.2.4.1. completing the internal audit process organization in cement companies has organized internal audits.

- Advice on building a risk registration system - risk register: Annex 3.11 describes the risk registration system for the supplies and supply department at the cement companies in Vietnam, which were analyzed and analyzed by the PhD student. .

- Advice on determining the desired level of risk (risk appetite) - risk appetite: cement companies need to determine the risk appetite in the form of a risk appetite statement of the company. Appendix 3.12 shows a sample of risk appetite statement of Insee Cement Group - Thailand.

+ Organizing the development of the application process: the process of applying the risk-based audit approach is modeled by the graduate student in Appendix 3.14.

**3.2.3.2. *Perfecting the organization of applying internal audit techniques***

In addition to the basic audit techniques that the auditor needs to use in accordance with the purpose of obtaining evidence, the organization applies the audit technique in the case of auditing the contents related to the environment. also apply some methods as follows:

+ Method of using conclusions and consultation of experts.

+ Technical methods to ask questions.

+ Technical method of image recognition.

+ Methods of field investigation.

**3.2.4. Improve the organization of internal audit processes in Vietnamese cement companies**

**3.2.4.1. *For cement companies, internal audits have been organized***

*a, Complete the stage of organizing internal audit planning*

**(\*) About organization**

**(\*) About the risk assessment process**

Firstly, set goals

Setting goals in Vietnamese cement companies needs to take into account the risks that affect the achievement of the goals. (Appendix 3.13 describes the goals that are defined for each division and department in cement companies).

Second, about risk identification

(Appendix 3.13 Describe the overall risks identified based on the identified goals from the components.) From the overall risks and the identified objectives, the components can be detailed, specifically the detailed risks of each component as shown in Table 3.2. Accordingly, the risk identification department will conduct measures to control the corresponding types of risks identified.

Third, risk assessment

Internal auditors should instruct risk management to use semi-quantitative techniques to assess risks with a 5-level scale of detail: very high, high, medium, low and very low. assess the frequency and extent of impact of the risk. 5 levels for frequency of occurrence and level of impact on risk.

Applying theories, combined with the practice of interviewing surveys at cement companies, the PhD student presents a risk score table based on the likelihood and the level of influence in cement companies in Vietnam. semi-quantitative technique.

b, Improving the organization of internal audit

Firstly, complete the application of sampling methods

Secondly, finalize and develop a plan for collecting financial statements

c. Improve the organization of review and preparation of internal audit reports

After preparing an internal audit report, the auditor will summarize and evaluate the audit results as a basis for making audit recommendations. The summary of results is the necessary paper for the auditor to have basis to give appropriate audit opinion, and it is easy to reference and compare the audit results when necessary. Therefore, the student proposes to develop a summary of audit results in Vietnamese cement companies in Appendix 3.15.

d, Improve the organization of monitoring the implementation of recommendations of internal audit

Firstly, complete the development of a consolidated report to monitor the implementation of internal audit recommendations. Appendix 3.16 describes the monitoring table for the implementation of internal audit recommendations.

Secondly, finalizing measures to encourage auditing entities to implement internal audit recommendations

#### ***3.2.4.2. For cement companies not held internal audit***

For Vietnamese cement companies that have not held an internal audit, the organization of the process of control activities has somewhat described the organizational structure of the internal audit, but to ensure proper implementation. And given the role and duties of internal audit, it is necessary to organize the internal audit process in a formal way. When organizing the internal audit process, cement companies should pay attention to the following:

- + Department responsible for organizing
- + Bases and bases for organizing the internal audit process
- + Content of the work steps in the process. list of job content and assignment of work in the internal audit process to improve the organization of the internal audit process at cement companies in Vietnam in Annex 3.17.

#### **3.2.5. The roadmap for implementing internal audit solutions in Vietnamese cement companies**

In this section, the PhD candidate offers a roadmap for implementing IA's solutions in two groups of Vietnamese cement companies, including the group that has organized the Internal Audit and the group that has not organized the Internal Audit.

### **3.3. CONDITIONS FOR IMPLEMENTING SOLUTIONS TO IMPLEMENT THE INTERNAL AUDIT ORGANIZATION IN VIETNAMESE CEMENT COMPANIES**

In this section, the PhD has made recommendations to the State, ministries, and petitions to Vietnamese cement companies, professional organizations as well as training institutions and universities to implement show the perfect solution to organize internal audit in Vietnamese cement companies

## **CONCLUSION OF CHAPTER 3**



## CONCLUSION

Vietnam's cement companies are facing many challenges and opportunities, international economic integration, global competition, and the ever-changing business environment, are not small challenges for Vietnam's construction projects. Although there have been many achievements and significant contributions to the national economy, Vietnam's construction programs cannot avoid many limitations: ineffective business activities, and the project programs have not been carefully elaborated on. Many senses, business diversification, participation in many new industries are risky, property losses due to poor management still occur. In that context, Internal Audit is considered as an effective way to add value and improve operational efficiency for businesses. Internal Audit brings reasonable assurance in the design and implementation of control, risk management and corporate governance activities, thereby contributing to helping the organization accomplish its goals and mission. Through the role of Internal Audit, executives can control operations better, manage risk better, enhance reputation, brands, increase the confidence of shareholders, investors, and partners. cooperation with, authorities on the organization's governance system. That means that Internal Audit contributes to supporting the organization of sustainable development by achieving a balance between three goals: growth, efficiency and control. Therefore, the completion of Internal Audit organization is an indispensable need for risk management, internal control and corporate governance of Vietnamese enterprises today.

In theory, the aspects of internal audit organization in enterprises in different fields have attracted the attention of many research scientists to clarify the theory of internal audit organization in enterprises. However, up to now, no work has focused on fully and comprehensively studying the aspects of Internal Audit organization. In fact, some of the Vietnam Construction Communities have organized the Internal Audit to improve the quality and effectiveness of the Internal Audit activities, others have not really paid attention to the organization of the Internal Audit. In addition, the internal audit organization in the construction programs is still limited, unable to promptly meet the needs of stakeholders and catch up with new trends. Therefore, it is necessary to focus on perfecting the aspects of the Internal Audit organization in Vietnam construction companies.

The thesis has basically achieved the set objectives, specifically as follows:

1. The dissertation gave an overview of the domestic and foreign research works that organized the Internal Audit and analyzed and made a research gap to conduct research on that gap.

2. The thesis has systematized and explained theoretical issues about Internal Audit in Enterprises, from the views and concepts of Internal Audit to roles, functions,

tasks, subjects, scope, methods as well as Other factors in order to give theoretical basis on Internal Audit clearly and systematically. On that basis, the thesis gave and clarified the basic theory of internal audit organization in enterprises on the following aspects: Organizing the development of internal audit mechanism, organization of internal audit, content definition, organization of application approaches, audit techniques and organize the internal audit process, and analyze and point out the specific effects of the cement industry on the internal audit organization. When systematizing the theoretical basis of Internal Audit and Internal Audit organization in the enterprise, the PhD student put in relationship with the development trend of Internal Audit in the world, thereby drawing valuable lessons for Vietnamese enterprises in general. and the construction programs in particular in the IA.

3. On the basis of the theory, the thesis has continued to study the status of the internal audit organization in Vietnam's construction programs. Through the results of the survey, the PhD student synthesized, analyzed and made assessments on the status of internal audit organization in Vietnam's construction programs in terms of achievements, shortcomings and causes of shortcomings in the situation of organizing the development of internal audit rules, apparatus, determining content, organizing approaches, auditing techniques and organizing the internal audit process in Vietnam male.

4. On theoretical research, analyzing the trend of the world Internal Audit industry and the situation of the internal audit organization in the Vietnam Construction Audit companies. Postgraduate has proposed a set of solutions to improve the organization of building regulations, apparatus, content identification organizations, organization of applying approaches, auditing techniques and organizing the internal audit process in the construction programs. Vietnam. The recommendations of the author towards the Internal Audit activities in line with the trend of modern auditing and also closely tied to the specific characteristics of Vietnam's construction workers such as: Recommendations on the organization of the Internal Audit system for groups Separate sales promotion; proposals on changing the audit approach, recommendations on the addition of the audit content or recommendations for completing stages of the audit process. These recommendations all follow the tendency to create appropriate flexibility and operational efficiency of internal audit in Vietnam's construction programs. In addition, the author also made recommendations to the state, Vietnam construction programs, professional associations and training institutions, universities to create favorable conditions for the development of Internal Audit and Internal Audit organizations. Vietnam construction workers in particular and Vietnamese enterprises in general.

The author hopes that the research results of the thesis will contribute to

improving and improving the quality and effectiveness of the IAE organization in Vietnam is also a reference in learning and researching on the Internal Audit organization in general, the Internal Audit organization in the individual construction companies in particular, as well as contributing to the Faculty. learn to audit.

*Sincerely thank the attention and suggestions of scientists and those interested in the research topic of the thesis!*