

Title: Firms asked to start internal audits

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A production line at Nam Định Textile and Garment Joint Stock Corporation. A new decree has instructed State-owned enterprises to conduct internal audits to improve the quality and transparency of corporate governance. — VNA/VNS Photo Hiền Hạnh

Viet Nam News **HÀ NỘI** — Listed companies and public enterprises owned fully or partially by the State are required to start internal audits on April 1, 2019.

Under the Government's Decree 05/2019/NĐ-CP (Decree 05), which was issued last week, the companies that must conduct audits include those listed on the stock exchanges and public companies owned at least 50 per cent by the State running their own subsidiaries.

Decree 05 is divided into three chapters with a total of 32 articles.

Other subjects to the new decree include government agencies, ministries, city and provincial people's committees, public service government units and individuals and organisations involved in internal audits.

The decree also encourages other businesses that are not required to carry out audits to do so anyway.

The decree aims to make sure companies' internal control systems are well-established and run properly to help mitigate risks.

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Internal audits are done to assure the efficiency of risk management inside a business and assess the firm's tasks and targets.

According to Hoàng Hùng, partner at PricewaterhouseCoopers (PwC) Vietnam, the Vietnamese branch of big-four global auditor PwC, the new decree will help improve the quality and transparency of corporate governance.

"The issuance of Decree 05 will make local firms pay more attention to internal audits so that internal auditors can independently review and assess the procedures in corporate governance, risk management and internal management performed by a business," Hùng was quoted by Thời báo Kinh tế Sài Gòn (Saigon Times) newspaper as saying.

Hùng also served as a consultant to help the Government develop Decree 05.

The decree, with the draft revised Law on Securities and the Code of Corporate Governance, is expected to help protect investors and shareholders and improve the transparency of the stock market.

Hùng said one major issue was the availability of personnel to carry out internal audits, as there were few auditors qualified for the task.

Those subject to the decree are required to complete necessary preparations within 24 months from April 1, 2019 to conduct an internal audit as outlined in Decree 05. Government agencies, businesses and other subjects to the decree are expecting further detailed instructions from the State. — VNS