

Title: Listed companies need to be prepared for new internal audit rules

Author: Phuong Hao

Source: Vietnam Investment Review on 18 March 2019

Online link: <https://www.vir.com.vn/listed-companies-need-to-be-prepared-for-new-internal-audit-rules-66436.html>

Listed companies need to be prepared for new internal audit rules

11:27 | 18/03/2019

Like 0 Share 0 Tweet Share Print Email

Decree 05/2019/ND-CP on internal audit will take effect on April 1, 2019. Target groups will have 24 months from this date to prepare to implement IA in accordance with the decree. This is not considered a long period time, especially for organisations that have never had an IA function before.



The workshop on internal audit

How to set up, enhance, and standardise the internal audit (IA) function? This is the key question that listed companies wonder before Decree No.05/2019/ND-CP on internal audit takes effect on April 1, 2019. Within 24 months of completing the preparation, listed companies should focus on decisive attributes like services and the role of IA, people management, and professional practices.

To help the target group better prepare for the decree, the workshop themed "The updated regulatory requirements for internal audit & establishing an effective internal audit function for listed companies" was organised by Smart Train in collaboration with the Asian Confederation of Institutes of Internal Auditors (ACIIA) and the Hanoi and Ho Chi Minh City stock exchanges.

According to experts participating in the event, the role and responsibility of internal audit (IA) in many Vietnamese organisations are currently misinterpreted or overlap with internal controls or compliance functions as a support to the senior management. Meanwhile, as per international practices, IA is an independent supervising function and a third line of defence for businesses.

This function regularly reviews and evaluates the internal controls, risk management, and governance within the organisation in an objective and independent manner. Thus, IA can bring many practical values, effectively helping the board of directors in governance and strategic decisions.

Title: Listed companies need to be prepared for new internal audit rules

Author: Phuong Hao

Source: Vietnam Investment Review on 18 March 2019

Online link: <https://www.vir.com.vn/listed-companies-need-to-be-prepared-for-new-internal-audit-rules-66436.html>

As an international expert in the project to develop Decree No.05/2019/ND-CP on IA and a consultant with many years of experience advising domestic and foreign enterprises, Hoang Hung, partner and Vietnam Markets Leader of PwC Vietnam, said that the contents of the decree are in line with international practices on IA and are aimed at enhancing information transparency and corporate governance. This is the first comprehensive legal framework that lays out how to organise and implement IA, as well as the roles and responsibilities of IA and related stakeholders.

This is because the establishment of a new internal audit function requires a detailed strategy and plan with complex steps. Therefore, the target groups of the decree will need to step up their efforts right now.

“In the process of preparation, businesses will need to focus on some decisive attributes,” Hung said. “These include the services and roles of IA, its people management, professional practices, performance management, organisational relationships, and governance structure,” he added.

Hung also advised that companies set up a detailed plan for the implementation of the IA function. With this in hand, the board of directors will be able to know whether they should hire an external audit professional, partner with professional service providers or choose something in between, depending on the current situation of the business.

At the workshop, experts also shared an expectation that the authorities will soon issue more specific guidelines for the implementation of Decree 05, helping IA to really become a part of many businesses.

By Phuong Hao