

## **LAW ON THE STATE AUDIT**

*(No. 37/2005/QH11 OF June 14, 2005)*

*Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 of December 25, 2001, of the X<sup>th</sup> National Assembly, the 10<sup>th</sup> session;*

*Pursuant to the Law on Organization of the National Assembly;*

*This Law provides for the State Audit.*

### **Chapter I**

#### **GENERAL PROVISIONS**

##### **Article 1.-** Governing scope

This Law provides for the legal status, functions, tasks, powers and organization of the State Audit; the tasks and powers of State auditors; the audited entities and relevant organizations and individuals; the operations and assurance of operations of the State Audit.

##### **Article 2.-** Subjects of application

1. Audited entities.
2. The State Audit.
3. Organizations and individuals involved in State audit activities.

##### **Article 3.-** Audit aims

State audit activities serve the State examination and supervision in the management and use of state budget, money and property; contribute to practicing thrift, combating corruption, loss and waste, detecting and preventing law-breaking acts; raise the efficiency of the use of state budget, money and property.

##### **Article 4.-** Interpretation of terms

In this Law, the following terms are construed as follows:

1. *Audit activities of the State Audit* mean examination, evaluation and verification of the accuracy and truthfulness of financial statements; the compliance with law; the economic nature, efficiency and effectiveness in the management and use of state budget, money and property.
2. *Financial audit* means a type of audit to examine, evaluate and verify the accuracy and truthfulness of financial statements.
3. *Compliance audit* means a type of audit to examine, evaluate and verify the observance of law, rules and regulations, which must be abided by audited entities.
4. *Operational audit* means a type of audit to examine and evaluate the economic nature, efficiency and effectiveness in the management and use of state budget, money and property.
5. *Audit evidence* means documents and information gathered by State auditors and related to an audit, which serve as a basis for making audit evaluations, verifications, conclusions and proposals.
6. *Audit report of the State Audit* means a document issued and publicized by the State Audit to evaluate, verify, conclude and propose the audited contents.
7. *State property* means property formed or originating from the state budget, under the State ownership or management, being accounting objects of audited entities.

##### **Article 5.-** Audit subjects of the State Audit

Audit subjects of the State Audit are activities related to management and use of the state budget, money and property.

##### **Article 6.-** Responsibilities of agencies and organizations managing and/or using the state budget, money and property for the accuracy and truthfulness of financial statements

1. To take responsibility before law for the accuracy and truthfulness of accounting figures and information in financial statements.

2. To formulate appropriate and effective internal control systems and maintain their operations in accordance with the provisions of law.
3. To organize internal audits according to the provisions of law for the protection of safety of property; evaluate the quality and reliability of economic and financial information, the observance of the State laws, regimes and policies as well as their own rules and regulations.

**Article 7.-** Principles for audit activities of the State Audit

1. Independence and compliance with law only.
2. Honesty and objectivity.

**Article 8.-** State audit standards

1. State audit standards include the regulations on operation principles, conditions and requirements on professional ethics and capabilities of State auditors; the regulations on audit operations and handling of relationships arising in audit activities, which must be complied with by State auditors when conducting such activities; and serve as a basis for examination and evaluation of the quality of audits and professional ethics of State auditors.
2. The National Assembly Standing Committee shall prescribe the process of formulating and promulgating the system of State audit standards.
3. The State Auditor General shall formulate and promulgate a system of State audit standards based on regulations of the National Assembly Standing Committee.

**Article 9.-** Validity of audit reports

1. Audit reports of the State Audit verify the accuracy and truthfulness of financial statements and reports on final settlement of budgets; evaluate the observance of law, economic nature, efficiency and effectiveness in the management and use of state budget, money and property.
2. Audit reports of the State Audit shall serve as one of the bases for:
  - a/ The National Assembly to consider and decide on the state budget estimates, the allocation of the central budget, the important national projects and works invested by the state budget sources; consider and approve final settlements of the state budget, and supervise the implementation of the state budget, national financial and monetary policies as well as its resolutions on the state budget, important national projects and works, socio-economic development programs, other important projects and works on capital construction;
  - b/ The Government, State management agencies and other State organizations and agencies to use in their respective management and administration work and perform their tasks;
  - c/ The People's Councils to consider and decide on local budget estimation, allocation and supervision; approve final settlements of local budgets;
  - d/ The people's courts, the people's procuracies and investigation agencies to handle violations of economic and financial laws.
  - e/ Audited entities must adhere to conclusions and proposals of the State Audit with regard to violations in their financial statements and violations in the observance of law; take measures to redress shortcomings in their operations, which have been detected and proposed by the State Audit.
3. Agencies and persons competent to use audit conclusions shall decide on the acceptance of audit conclusions of the State Audit and be held responsible before law for their decisions.

Audit conclusions already accepted by competent agencies or persons shall be valid for compulsory implementation.

**Article 10.-** Responsibilities of organizations and individuals involved in State audit activities

1. Organizations and individuals involved in State audit activities shall have to supply full, accurate and timely information and documents at the request of the State Audit or State auditors, and take responsibility before law for the accuracy, truthfulness and objectivity of such information and documents.

2. When receiving audit reports, competent State agencies shall have to fully and promptly handle matters under the State Audit's conclusions and proposals, and send reports on the handling results to the State Audit.

**Article 11.-** Application of treaties

In cases where a treaty on the state audit to which the Socialist Republic of Vietnam is a contracting party contains provisions different from the provisions of this Law, the provisions of such treaty shall apply.

**Article 12.-** Prohibited acts

1. The following acts of the State Audit and State auditors are strictly prohibited:

a/ Harassing, causing difficulties or troubles to audited entities;

b/ Unlawfully interfering in normal activities of audited entities;

c/ Taking bribes;

d/ Reporting untruthfully or incompletely on audit results;

e/ Abusing their positions and/or powers for self-seeking purposes;

f/ Disclosing state secrets or operational secrets of audited entities;

g/ Disclosing information on audit situation and results which have not yet been publicized officially;

h/ Other acts prohibited by law.

2. The following acts of audited entities or relevant organizations and individuals are strictly prohibited:

a/ Refusing to supply information and documents in service of an audit at the request of the State Audit and State auditors;

b/ Obstructing the State Audit and State auditors from doing their jobs;

c/ Reporting wrongly, untruthfully, incompletely or non-objectively information on an audit conducted by the State Audit;

d/ Buying off, giving bribes to State auditors;

e/ Covering acts of violating the finance and budget laws;

f/ Other acts prohibited by law.

3. Organizations and individuals are strictly prohibited to unlawfully interfere in operations of the State Audit.

Chapter II

LEGAL STATUS, FUNCTIONS, TASKS, POWERS AND ORGANIZATION OF THE STATE AUDIT

Section 1. LEGAL STATUS, FUNCTIONS, TASKS, POWERS OF THE STATE AUDIT

**Article 13.-** Legal status of the State Audit

The State Audit is a professional agency specialized in state financial examination, set up by the National Assembly, operating independently and complying with the law only.

**Article 14.-** Functions of the State Audit

The State Audit has the function of conducting financial audit, compliance audit or operational audit with respect to agencies and organizations managing and/or using state budget, money and property.

**Article 15.-** Tasks of the State Audit

1. To decide on annual audit plans and report them to the National Assembly and the Government before implementation.

2. To organize the implementation of annual audit plans and perform audit tasks at the request of the National Assembly, the National Assembly Standing Committee, the Government or the Prime Minister.

3. To consider and decide on audits when so requested by the Standing Bodies of the People's Councils or People's Committees of the provinces or centrally-run cities.
4. To submit the State Audit's opinions to the National Assembly for considering and deciding on the state budget estimates, deciding on the allocation of central budget, the national important projects and works, and approving final settlements of the state budget.
5. To join the National Assembly's Economic and Budget Committee and other National Assembly agencies as well as the Government in considering and verifying reports on state budget estimates, schemes on allocation of the central budget, adjustment of state budget estimates or on arrangement of budget for important national projects and works, which have been decided by the National Assembly, and final settlements of the state budget.
6. To join the National Assembly's Economic and Budget Committee, when so requested, in supervising the implementation of laws and resolutions of the National Assembly, ordinances and resolutions of the National Assembly Standing Committee in the financial and banking domain, as well as the implementation of the state budget and financial policies.
7. To join the Government and the National Assembly agencies, when so requested, in formulating and examining bills and draft ordinances.
8. To report annual audit results and results of implementation of audit proposals to the National Assembly, the National Assembly Standing Committee; send audit reports to the Nationality Council and the National Assembly's Committees, the State President, the Government and the Prime Minister; supply audit results to the Finance Ministry, the People's Councils of localities where audits are conducted, and other agencies defined by law.
9. To publicize audit reports according to the provisions of Articles 58 and 59 of this Law and other provisions of law.
10. To transfer dossiers to investigation agencies and other State agencies competent to examine and handle cases, which show signs of law violations by organizations or individuals and are detected through audit activities.
11. To manage audit dossiers; keep secret accounting documents and figures as well as information on operations of audited entities in accordance with the provisions of law.
12. To enter in international cooperation in the field of state audit.
13. To organize and manage the work of scientific research, training, fostering and development of the State Audit's human resources.
14. To organize examinations for State auditors and grant them certificates.
15. To direct and provide professional and operational guidance on internal audit; use results of internal audit of organizations and individuals defined in Article 6 of this Law.
16. To perform other tasks provided for by law.

**Article 16.-** Powers of the State Audit

1. To request audited entities and relevant organizations and individuals to supply full, accurate and timely information and documents in service of audit; request concerned agencies to coordinate in the performance of assigned tasks; request State agencies, mass organizations, social organizations and citizens to assist in, and create favorable conditions for, the performance of its tasks.
2. To request audited entities to act in response to the State Audit's conclusions and proposals on their violations in financial statements and violations in the observance of law; propose measures to redress shortcomings in operations of entities which it has detected and proposed.
3. To inspect audited entities in the implementation of its conclusions and proposals.
4. To propose competent State agencies to request audited entities to act in response to conclusions and proposals on their violations in financial statements and violations in the

observance of law; propose the handling according to law of cases of failing to implement its audit conclusions and proposals or failing to fully or timely implement them.

5. To propose competent State agencies to handle violations of law committed by organizations or individuals, which have already been clarified through audit activities.
6. To request competent agencies to handle according to law organizations and individuals that obstruct its audit activities or supply untruthful information and documents to it and State auditors.
7. To request professional expertise when necessary.
8. To entrust or hire audit enterprises to audit agencies or organizations managing and/or using the state budget, money and property; take responsibility for the accuracy of audit data, documents and conclusions provided by audit enterprises.
9. To propose the National Assembly, the National Assembly Standing Committee, the Government, the Prime Minister and other State agencies to amend and/or supplement mechanisms, laws and policies appropriately.

## Section 2. STATE AUDITOR GENERAL, DEPUTY STATE AUDITOR GENERAL

### **Article 17.-** State Auditor General

1. The State Auditor General is the head of the State Audit, who takes responsibility for organization and operation of the State Audit before law, the National Assembly, the National Assembly Standing Committee and the Government.
2. The State Auditor General shall be elected, relieved from office and dismissed by the National Assembly at the proposal of the National Assembly Standing Committee after consulting and reaching agreement with the Prime Minister; criteria for the State Auditor General shall be stipulated by the National Assembly Standing Committee.
3. The State Auditor General shall work for a term of seven years and may be re-elected but for not more than two terms.
4. The State Auditor General shall enjoy the same salary and entitlements as the head of a National Assembly Committee, as decided by the National Assembly Standing Committee under the State salary policies and regimes.

### **Article 18.-** Responsibilities of the State Auditor General

1. To lead and direct the State Audit to perform its tasks and exercise its powers provided for in Articles 15 and 16 of this Law.
2. To present reports on audit of final settlement of the state budget before the National Assembly; present annual audit reports of the State Audit before the National Assembly when the latter so requests.
3. To take responsibility before law for the contents of audit reports of the State Audit.
4. To decide on, and organize the implementation of, concrete measures to enhance discipline and order in state audit activities; fight corruption, waste and all manifestations of bureaucracy and authoritarianism of officials and public employees of the State Audit.
5. To define functions, tasks, powers and organizational structure of units under the State Audit.
6. To submit to the National Assembly Standing Committee for decision the payroll, establishment, merger and dissolution of units under the State Audit.
7. To take measures to ensure the State Audit's independence in audit activities.
8. To consider and handle proposals on audit reports.
9. To perform other tasks in accordance with the provisions of law.

### **Article 19.-** Powers of the State Auditor General

1. To issue audit decisions.
2. To attend plenary meetings of the National Assembly, meetings of the National Assembly Standing Committee and the Government on matters concerned.
3. To propose ministers, heads of ministerial-level agencies, heads of Government-attached agencies and other central agencies, presidents of provincial/municipal People's

Committees and heads of immediately superior agencies of audited entities to handle according to their competence organizations or individuals that commit acts of obstructing audit activities of the State Audit; supplying untruthful information or documents to the State Audit; failing to implement or incompletely implement conclusions and proposals of the State Audit. In cases where conclusions or proposals of the State Audit are not handled or incompletely handled, the State Auditor General shall propose competent persons to consider and handle them in accordance with the provisions of law.

4. To decide on audit at the request of entities stipulated in Clause 12, Article 63 of this Law and entities not included in the annual audit plans of the State Audit.

5. To decide on the sealing up of documents, inspect accounts of audited entities or relevant individuals at the request of the heads of audit delegations.

6. To promulgate, guide, inspect and organize the implementation of State audit standards; issue decisions, directives and working regime; promulgate professional and operational audit regulations, process and approaches, which are applicable to organization and operation of the State Audit; specify audit process and dossiers.

**Article 20.- Deputy State Auditor General**

1. The Deputy State Auditor General is an assistant to the State Auditor General, assigned by the State Auditor General to direct a number of work aspects and answerable to the State Auditor General for assigned tasks. When the State Auditor General is absent, a Deputy State Auditor General shall be authorized by the State Auditor General to direct the work of the State Audit.

2. The Deputy State Auditor General shall be appointed, relieved from office and dismissed by the National Assembly Standing Committee at the proposal of the State Auditor General.

3. A term of office of a Deputy State Auditor General is seven years.

4. The Deputy State Auditor General shall enjoy salary and other entitlements as the deputy-head of a National Assembly Committee, as decided by the National Assembly Standing Committee under the State salary policies and regimes.

**Section 3. ORGANIZATION OF THE STATE AUDIT**

**Article 21.- Organizational system of the State Audit**

1. The State Audit shall be organized and managed uniformly and concentratedly, consisting of administrative apparatus, specialized State audit offices, regional State audit offices and non-business units.

2. The National Assembly Standing Committee shall specify the organizational structure of the State Audit.

The State Auditor General shall specify the functions, tasks, powers and organizational structure of the units under the State Audit.

The number of specialized State audit offices and regional State audit offices in each period shall be determined according to the requirements of tasks, as submitted by the State Auditor General to the National Assembly Standing Committee for decision.

**Article 22.- Specialized State audit offices**

Specialized State audit offices are units attached to the State Audit, conducting specialized audits of central agencies and organizations.

**Article 23.- Regional State audit offices**

Regional State audit offices are units attached to the State Audit, auditing local agencies and organizations in their respective regions and performing other audit tasks as assigned by the State Auditor General. Regional State audit offices have the legal person status, their own seals, bank accounts and headquarters.

**Article 24.- Comptroller-auditors, deputy comptroller-auditors**

Comptroller-auditors are heads of specialized State audit offices or regional State audit offices. Assistants to comptroller-auditors are deputy comptroller-auditors. Comptroller-

auditors and deputy comptroller-auditors are appointed, relieved from office and dismissed by the State Auditor General.

#### Section 4. STATE AUDIT COUNCIL

##### **Article 25.-** Establishment and dissolution of the State Audit Council

1. The State Auditor General shall establish the State Audit Council to advise him/her on evaluating important audit reports or re-evaluating audit reports at the request of audited entities and assist him/her in handling proposals regarding audit reports.
2. The State Auditor General shall decide on the establishment of the State Audit Council as well as the Council's membership and working regulation. The State Audit Council shall have one Deputy State Auditor General as its chairman. The State Auditor General may, on a case-by-case basis, invite experts not from the State Audit to participate in the Council. In cases where subjects of an audit relate to state secrets and national security, the State Auditor General shall be the chairman of the Council.
3. The State Audit Council shall automatically dissolve upon completion of its tasks.

##### **Article 26.-** Working principles of the State Audit Council

The State Audit Council works on the principle of collective discussion, voting by majority, reservation of opinion of the minority and reporting to the State Auditor General. Opinions of members of the State Audit Council shall be inscribed in the Council's records. The records and other documents of the State Audit Council shall be preserved and maintained in audit dossiers of the State Audit.

#### Chapter III

#### STATE AUDITORS AND AUDIT COLLABORATORS

##### **Article 27.-** The State auditor title

1. State auditors are public employees appointed to the ranks of audit in order to perform audit tasks.
2. The State auditor title covers the following ranks:
  - a/ Reserve auditor;
  - b/ Auditor;
  - c/ Principal auditor;
  - d/ Senior auditor.
3. The tasks, powers and specific criteria for each rank of State auditors shall be decided by the National Assembly Standing Committee.

##### **Article 28.-** Competence to appoint and relieve from office State auditors

1. The appointment and relief from office of auditors and principal auditors shall be decided by the State Auditor General in accordance with the provisions of law.
2. The appointment and relief from office of senior auditors shall be decided by the National Assembly Standing Committee in accordance with the provisions of law.

##### **Article 29.-** Common criteria for State auditors

State auditors must meet all criteria prescribed by law for officials and public employees as well as the following criteria:

1. Having good moral qualities and sense of responsibility, being uncorrupt, honest and objective;
2. Having the university or higher degree in audit, accounting, finance, banking, economics, law or other disciplines directly related to audit activities;
3. Having worked constantly for at least five years in the trained discipline or involved in audit activities at the State Audit for at least three years;
4. Having completed the State auditor-fostering program and granted a certificate by the State Auditor General.

##### **Article 30.-** Responsibilities of State auditors

1. To perform audit tasks and be answerable to the leader of an audit team or head of an audit delegation for performance of assigned audit tasks; give evaluations, verifications,

conclusions and proposals regarding audited contents on the basis of fully gathering and evaluating appropriate audit evidence.

2. To comply with law, working principles, State audit standards, process as well as professional and operational approaches and other relevant regulations of the State Auditor General.

3. To be answerable before the State Auditor General and law for their evidence, evaluations, verifications, conclusions and proposals.

4. To gather audit evidence, record audit journals and other working documents of State auditors under regulations of the State Auditor General.

5. To keep secret information and documents gathered in the course of conducting an audit.

6. To show and bear the State auditor cards when performing audit tasks.

7. To constantly study and train themselves in order to improve their professional knowledge, skills and ethics; follow the annual knowledge-updating programs under regulations of the State Auditor General so as to have adequate professional capabilities and qualifications suitable to the assigned tasks.

8. To make timely and full declaration with the persons having issued decisions on the establishment of audit delegations in the cases defined in Article 31 of this Law and other circumstances which affect the independence of State auditors.

9. When committing law violations, to be disciplined or examined for penal liability, depending on the nature and seriousness of their violations; and, if causing damage, pay compensations in accordance with the provisions of law.

**Article 31.-** Cases where State auditors must not conduct audits

1. Having contributed capital to, purchased shares from, or having relationships in terms of economic interests with, audited entities.

2. Having worked in audited entities as leaders, chief accountants or persons in charge of accountancy for at least five years before shifting to the new work.

3. Being biological parents, adoptive parents, parents in law, wives or husbands, offspring or siblings of the heads, chief accountants or persons in charge of accountancy of audited entities.

**Article 32.-** Audit collaborators

1. The State Audit is entitled to use audit collaborators being audit enterprises, domestic and foreign experts in form of hire-for-the-job contracts. Funding for the use of audit collaborators shall be included in the annual operation funding of the State Audit.

2. Audit collaborators shall have the following rights and obligations:

a/ To exercise their rights and perform their obligations under contracts;

b/ To strictly observe legal provisions on the state audit;

c/ To take responsibility before the State Audit and law for the results of task performance; when committing law violations, depending on the nature and seriousness of such violations, to be administratively handled or examined for penal liability; if causing damage, to pay compensations therefor in accordance with the provisions of law.

3. The State Auditor General shall specify the use of audit collaborators.

Chapter IV

STATE AUDIT ACTIVITIES

Section 1. AUDIT DECISIONS

**Article 33.-** Grounds for issuance of audit decisions

The State Auditor General shall issue audit decisions when having one of the following grounds:

1. The annual audit plan of the State Audit;

2. The request of the National Assembly, the National Assembly Standing Committee, the Government or the Prime Minister;

3. The requests of the Standing Bodies of the People's Councils or People's Committees of the provinces or centrally-run cities; requests of the units defined in Clause 12, Article 63 of this Law and units not listed in the annual audit plans of the State Audit, which have been approved by the State Auditor General.

**Article 34.-** Audit of reports on final settlement of the state budget

1. Reports on final settlement of the state budget of different levels shall be audited before they are ratified by the National Assembly or the People's Councils.

2. In cases where reports on final settlement of the state budget have been audited but not yet ratified by the National Assembly or the People's Councils, the State Audit must, within the ambit of their tasks and powers, further clarify matters requested by the National Assembly or the People's Councils in order to submit such reports to the latter at the time to be decided by the latter.

3. The audit of reports on final settlement of local budgets after they are ratified by the People's Councils, which have not yet been audited previously, shall be conducted under decisions of the State Auditor General.

**Article 35.-** Audit decisions

1. An audit decision must be clearly inscribed with the following contents:

a/ Legal basis for conducting the audit;

b/ The audited entity;

c/ The audit objectives, contents and scope;

d/ The venue and time limit of the audit;

e/ The head and other members of the audit delegation.

2. Audit decisions must be sent to audited entities within three days and publicized within 15 days after their signing, except for extraordinary audits.

3. In the course of an audit, if it is necessary to change the audit contents, scope, venue or time limit or members of the audit delegation, the State Auditor General must issue a decision and send it to the audited entity within the time limit defined in Clause 2 of this Article.

## Section 2. TYPES AND CONTENTS OF AUDIT

**Article 36.-** Types of audit

1. Types of audit include:

a/ Financial audit;

b/ Compliance audit;

c/ Operational audit.

2. The State Auditor General shall decide on the type of audit for each audit. In case of audit at the request of the National Assembly, the National Assembly Standing Committee, the Government, the Prime Minister, the Standing Bodies of the People's Councils or the People's Committees of the provinces or centrally-run cities, the type of audit shall be the requested one.

**Article 37.-** Contents of financial audit

1. Contents of financial audit applicable to audited entities involved in state budget-revenue and -expenditure activities shall cover:

a/ Money and money-equivalent items;

b/ Funding sources and funds;

c/ Payments made within and outside the audited entity;

d/ Revenues and expenditures of the state budget of different levels;

e/ Remainders of the state budget at different levels;

f/ State financial investments and credits;

g/ Debts and the handling of debts of the State;

h/ Other assets being accounting subjects of the audited entity.

2. Contents of financial audit applicable to audited entities in administrative, non-business sectors and other organizations funded by state budget shall cover:

- a/ Money and money-equivalents;
- b/ Supplies and fixed assets;
- c/ Funding sources and funds;
- d/ Payments made inside and outside the audited entity;
- e/ Revenues, expenditures and the handling of revenue-expenditure differences;
- f/ State financial investments and credits;
- g/ Other assets being accounting subjects of the audited entity.

3. Contents of financial audit applicable to State enterprises shall cover:

- a/ Fixed assets and long-term investments; liquid assets and short-term investments;
- b/ Payable debts;
- c/ Owner's capital;
- d/ Turnovers, business costs, other incomes and expenses;
- e/ Taxes and remittances to the state budget;
- f/ Business results and the distribution thereof;
- g/ Other assets being accounting subjects of the audited entity.

**Article 38.-** Contents of compliance audit

1. The observance of the State Budget Law, the Accounting Law, the tax laws and relevant legal documents.

2. The observance of regulations and rules of audited entities.

**Article 39.-** Contents of operational audit

1. The realization of operation objectives and tasks.

2. The assurance, management and use of resources.

3. The internal control system.

4. The programs and projects; activities of the audited entity.

5. The external environment's impacts on economic nature, efficiency and effectiveness of operations of the audited entity.

**Article 40.-** Decision on audit contents

Depending on the purposes of each audit, the State Auditor General shall decide on the audit of all or some of audit contents provided for in Articles 37, 38 and 39 of this Law.

Section 3. AUDIT DURATION AND VENUE

**Article 41.-** Audit duration

1. Every audit shall be conducted in a certain duration. The audit duration shall be counted from the date of announcement of the audit decision to the completion of the audit at the audited entity.

2. Based on the contents and scope of each audit, the State Auditor General shall decide on specific audit duration.

**Article 42.-** Audit venue

The audit shall be conducted at audited entities, headquarters of the State Audit or other venues. The State Auditor General shall decide on audit venues.

In cases where an audit is conducted outside the headquarters of an audited entity, such entity shall have to transfer dossiers and documents under regulations of the State Auditor General.

Section 4. AUDIT DELEGATIONS

**Article 43.-** Founding and dissolution of audit delegations

1. Audit delegations shall be founded to perform audit tasks of the State Audit. The State Auditor General shall decide on the founding of audit delegations at the proposals of comptroller-auditors of specialized State audit offices or regional State audit offices.

2. Audit delegations shall automatically dissolve upon the completion of audit tasks but shall still take responsibility for their evaluations, verifications, conclusions and proposals in audit reports.

**Article 44.-** Composition of audit delegations

An audit delegation shall comprise a head, deputy heads, team leaders and other members. The State Auditor General shall decide on the lists of members of audit delegations and appoint heads, deputy heads and team leaders at the proposals of the comptroller-auditors of specialized State audit offices or regional State audit offices.

**Article 45.-** Tasks, powers and responsibilities of heads of audit delegations

1. The head of an audit delegation shall have the following tasks:

- a/ To elaborate and submit to the comptroller-auditor for further submission to the State Auditor General for approval the audit plan of an audit, based on the audit objectives, contents and scope already inscribed in the audit decision; direct the elaboration and approval of detailed audit plans of audit teams;
- b/ To assign tasks to deputy heads of the audit delegation and leaders of audit teams; direct and administer the audit delegation to conduct the audit under the approved plan;
- c/ To organize, inspect the implementation of the regulation of the audit delegation, audit standards, process, professional and operational approaches, as well as the recording, archive and preservation of audit dossiers under regulations of the State Auditor General;
- d/ To approve audit records of audit teams and make audit report of the audit delegation. To organize discussion within the audit delegation so as to reach consensus on evaluations, verifications, conclusions and proposals in the audit report;
- e/ To defend audit results stated in the audit report before the comptroller-auditor and join the comptroller-auditor in defending such results before the State Auditor General; notify the audit results which have already been approved by the State Auditor General to the audited entity; sign the audit report;
- f/ To manage members of the audit delegation in the course of performance of audit tasks;
- g/ To make periodical or extraordinary reports at the request of the comptroller-auditor on the tempo of implementation of the audit plan, the situation and results of audit activities for the comptroller-auditor to report to the State Auditor General.

2. The head of an audit delegation shall have the following powers:

- a/ To request the audited entity to supply necessary information and documents and explain on matters related to audit contents; request the inventory of assets and cross-checking of debts of the audited entity, which are related to audit contents; summon witnesses at the request of State auditors;
- b/ To request concerned organizations and individuals to supply documents and information related to audit contents;
- c/ To propose the State Auditor General to issue decision on inspection of accounts of the audited entity or concerned individuals at banks, other credit institutions or State treasuries in accordance with the provisions of law; propose the State Auditor General to seal up documents of the audited entity if detecting acts of violating law or amending, removing, concealing or destroying documents related to audit contents;
- d/ To request deputy heads, team leaders and members of the audit delegation to report audit results; in case of divergent opinions within the audit delegation regarding the audit results, to make decision and take responsibility therefor, and concurrently report such divergent opinions to the comptroller-auditor;
- e/ To reserve his/her own opinions in writing, which are different from evaluations, verifications, conclusions and proposals in the audit report;
- f/ To request the State Auditor General to propose the competent State agency to handle violations of law committed by the audited entity;

g/ To suspend the performance of tasks of the audit delegation members, including audit team leaders and lower positions, when they commit violations, affecting the audit delegation's activities, and immediately report such to the comptroller-auditor; in case of serious violations, to report them to the State Auditor General;

h/ To request the commendation or disciplining of deputy heads, audit team leaders and other members of the audit delegation if they record extraordinary achievements or commit violations in the performance of audit tasks.

3. The head of an audit delegation shall have the following responsibilities:

a/ To take responsibility before the comptroller-auditor and the State Auditor General for activities of the audit delegation;

b/ To take responsibility before law for the accuracy, truthfulness and objectivity of evaluations, verifications, conclusions and proposals in the audit report of the audit delegation;

c/ To take joint responsibility for violations committed by members of the audit delegation;

d/ To ensure living and working conditions of the audit delegation in the course of performance of the audit tasks under regulations of the State Auditor General;

e/ To be responsible for decisions on suspending the performance of tasks of the audit delegation members holding the position of audit team leaders or lower positions.

**Article 46.-** Deputy heads of audit delegations

Deputy heads of an audit delegation are assistants to the head of the delegation, perform tasks assigned by the head of the delegation and take responsibility before the latter for the assigned tasks.

**Article 47.-** Tasks, powers and responsibilities of leaders of audit teams

1. The leader of an audit team shall have the following tasks:

a/ To elaborate the detailed audit plan to be submitted to the head of the audit delegation for approval and organize the implementation of such plan after it is approved;

b/ To assign specific tasks to the team members;

c/ To direct, administer the team members to conduct the audit according to the approved audit plan;

d/ To direct and inspect the gathering of audit evidence; record audit journals and working documents of the audit team and State auditors according to regulations of the State Auditor General;

e/ To make periodical or extraordinary reports at the request of the head of the audit delegation regarding the implementation progress of the audit plan, audit situation and results;

f/ To sum up audit results of the team members in order to make audit records; organize discussion within the audit team in order to reach unanimity on evaluations, verifications, conclusions and proposals in audit records;

g/ To defend audit results stated in audit records before the head of the audit delegation; notify the audited entity of audit results which have already been approved by the head of the audit delegation; sign audit records;

h/ To be authorized by the head of the audit delegation to manage the team members under regulations of the State Auditor General.

2. An audit-team leader shall have the following powers:

a/ To request the audited entity to fully and promptly supply necessary information and documents and explain matters related to audit contents;

b/ To request relevant organizations and individuals to supply information and documents related to audit contents;

c/ To reserve in writing their opinions, which are different from evaluations, verifications, conclusions and proposals in audit records;

d/ To report on violations committed by team members and propose handling measures to the head of the audit delegation for consideration and handling according to his/her competence or proposing the handling according to regulations.

3. An audit-team leader shall have the following responsibilities:

a/ To be answerable to the head of the audit delegation for the team's activities;

b/ To take responsibility before law for the accuracy, truthfulness and objectivity of evaluations, verifications, conclusions and proposals in the team's audit records;

c/ To be responsible for explaining matters relating to the team's work at the request of the head of the audit delegation or competent units and individuals;

d/ To take joint responsibility for violations committed by team members.

**Article 48.-** Tasks and powers of audit-delegation members being State auditors

1. Audit-delegation members being State auditors shall have the following tasks:

a/ To fulfil the audit tasks and report the results of performance of assigned tasks to the audit-team leaders;

b/ When conducting the audit, only to comply with law and current audit regulations of the State Audit, with audit rules, standards, process and other audit regulations of the State Auditor General;

c/ To gather and evaluate audit evidence; record audit journals and other working documents of State auditors, maintain and preserve audit dossiers under regulations of the State Auditor General;

d/ To abide by the directing opinions and conclusions of the audit-team leaders and the audit-delegation head;

e/ To observe the working discipline of audit teams and the audit delegation under regulations of the State Auditor General.

2. Audit-delegation members being State auditors shall have the following powers:

a/ When conducting the audit, to be independent and comply with law only in making comments, evaluations, conclusions and proposals on audited contents;

b/ To request the audited entity and relevant organizations and individuals to supply fully and promptly information and documents relating to audit contents;

c/ To use information and documents of audit collaborators; consider all documents related to operations of the audited entity; gather and protect other documents and evidence; observe the process of operations of the audited entity;

d/ To reserve in writing their opinions on audit results within the assigned scope; report such opinions to the head of the audit delegation or the comptroller-auditor for consideration; in case of disagreement, report them to the State Auditor General;

e/ To request the audit-delegation head and audit-team leaders to clarify reasons for changes in their evaluations, verifications, conclusions and proposals in audit records or audit reports;

f/ To request the audit-delegation head and audit-team leaders to summon witnesses in order to gather necessary audit evidence; request the audited entity to convene meetings and explain matters related to the audit; request the invitation of audit experts and collaborators when necessary;

g/ To be guaranteed with necessary working conditions and facilities to effectively conduct the audit; have working location arranged by the audited entity in cases where the audit is conducted at the audited entity;

h/ To be protected by law in the course of performing audit tasks.

**Article 49.-** Tasks and responsibilities of other members of an audit delegation

1. Other members of an audit delegation include reserve auditors and audit collaborators.

2. Other members of an audit delegation shall have the following tasks and responsibilities:

a/ To fulfil their tasks assigned by the audit-team leaders;

b/ To comply with audit standards, process, professional and operational approaches of the State Audit;

c/ To be answerable to the audit-team leaders for the assigned tasks.

#### Section 5. AUDIT PROCESS

##### **Article 50.-** Steps of the audit process

1. Preparing audit.
2. Auditing.
3. Making and sending the audit report.
4. Inspecting the implementation of audit conclusions and proposals.

##### **Article 51.-** Preparing audit

1. Surveying, gathering information on the internal control system, financial situation and other information related to the audited entity.
2. Evaluating the internal control system of, and gathered information on, the audited entity so as to determine the audit objectives, contents and scope and appropriate approaches.
3. Elaborating an audit plan.

##### **Article 52.-** Auditing

1. An audit delegation must conduct the audit at the defined audited entity and comply with the audit objectives, contents, scope, venue and duration as stated in the audit decision of the State Auditor General.
2. Members of an audit delegation shall apply audit professional and operational approaches to gather and evaluate audit evidence; conduct examination, comparison and verification; investigate organizations and individuals relating to audit activities in order to have bases for evaluations, verifications, conclusions and proposals on the audited contents.

##### **Article 53.-** Making and sending audit reports

1. Upon the end of an auditing year and an audit, the State Audit shall make an audit report, clearly stating its evaluations, verifications, conclusions and proposals on audited contents.

Audit reports shall be signed and stamped by the State Auditor General or his/her authorized persons.

2. Audit reports include the following types:

- a/ The audit report on an audit;
- b/ The audit report on final settlement of the state budget;
- c/ The annual audit report;
- d/ The extraordinary audit report.

3. The making and sending of audit reports shall comply with the provisions of Articles 54, 55 and 56 of this Law.

##### **Article 54.-** Making and sending of the audit report on an audit

1. Within 15 days after an audit delegation finishes the audit at the audited entity, its head shall have to complete a draft audit report and send it to the comptroller-auditor for the latter to submit it to the State Auditor General within 20 days after the end of the audit at the audited entity.
2. Within 10 days after receiving the draft audit report, the State Auditor General shall have to organize the consideration, approval and finalization of the draft and send it to the audited entity for comments within five days after the draft is approved and finalized.
3. Within seven days after receiving the draft audit report, the audited entity must send its written comments to the State Audit; past this time limit, if the audited entity has no comments, it shall be regarded as agreeing with the draft audit report.
4. The audit report on an audit shall be sent by the State Audit to the audited entity and relevant agencies according to regulations of the State Auditor General within 45 days

after the end of the audit at the audited entity; in special cases this time limit may be prolonged but must not exceed 60 days after the end of the audit at the audited entity.

5. The audit reports on final settlement of local budgets shall be sent to People's Councils and People's Committees at the same level; audit reports on final settlement of budgets of the provinces and centrally-run cities shall also be sent to the Finance Ministry.

**Article 55.-** Making and sending of audit reports on final settlement of the state budget and annual audit reports of the State Audit

1. Audit reports on final settlement of the state budget shall be formulated on the basis of results of the audit of reports on yearly final settlement of the state budget, central budget and local budgets, which is conducted by the State Audit.

2. Annual audit reports of the State Audit shall be formulated on the basis of audit reports on final settlement of the state budget and sum-up of the yearly audit results of the State Audit.

3. The State Audit shall have to send audit reports on final settlement of the state budget and annual audit reports to the National Assembly, the National Assembly Standing Committee, the Nationality Council and the National Assembly's Committees within 16 months after the end of the budget year, and concurrently to the State President, the Government and the Prime Minister.

**Article 56.-** Making and sending of extraordinary audit reports

Based on the nature of audits, the State Audit shall make and send extraordinary audit reports to the National Assembly, the National Assembly Standing Committee, the Nationality Council, the National Assembly's Committees, the State President, the Government and the Prime Minister.

**Article 57.-** Inspection of the implementation of audit conclusions and proposals

1. The State Audit must elaborate plans for and organize the inspection of audited entities in the complete and timely implementation of its conclusions and proposals regarding the latter's violations in financial statements and violations of law; the application of measures to redress shortcomings in their operations and results thereof, according to conclusions and proposals of the State Audit

2. The inspection of the implementation of audit conclusions and proposals shall be conducted in the following manners:

a/ Requesting audited entities to make written reports on the results of implementation of audit conclusions and proposals;

b/ Organizing the inspection of implementation of audit conclusions and proposals at audited entities as well as relevant organizations, agencies and units.

#### Section 6. PUBLICITY OF AUDIT RESULTS AND RESULTS OF IMPLEMENTATION OF AUDIT CONCLUSIONS AND PROPOSALS

**Article 58.-** Publicity of annual audit reports and reports on the results of implementation of audit conclusions and proposals

1. Annual audit reports and reports on the implementation of audit conclusions and proposals of the State Audit, after being submitted to the National Assembly, shall be publicized in accordance with the provisions of law.

2. The State Auditor General shall organize the publicity of annual audit reports and reports on the implementation of audit conclusions and proposals in the following manners:

a/ Organizing press conferences;

b/ Publicizing in Cong Bao and on the mass media;

c/ Announcing in the State Audit's website and publications.

**Article 59.-** Publicity of audit reports on audits

Audit reports on audits, after being issued, shall be publicized together with financial statements according to the provisions of the State Budget Law and the Accounting Law.

## Section 7. AUDIT DOSSIERS

### **Article 60.-** Audit dossiers

1. Documents of every audit must be compiled in dossier. Such a dossier comprises:
  - a/ The audit decision;
  - b/ The audited financial statements and reports on final settlement of budgets;
  - c/ The audit plan and detailed audit plans;
  - d/ The journals and working documents of State auditors and audit teams;
  - e/ The explanations of the audited entity;
  - f/ The written certifications of audit data and situation by State auditors;
  - g/ The audit records;
  - h/ The audit reports;
  - i/ The other documents related to the audit.
2. The State Auditor General shall specify audit dossiers.
3. Audit dossiers must be archived within 12 months from the date of issuance of audit reports on audits.
4. The archival duration of audit dossiers shall be 20 years, except for cases provided for in Clause 1, Article 62 of this Law.

### **Article 61.-** Preservation and exploitation of audit dossiers

1. Audit dossiers must be preserved fully, safely and confidentially.
2. Audit dossiers shall be exploited in the following cases:
  - a/ At the request of people's courts, people's procuracies, investigation agencies and other agencies according to the provisions of law;
  - b/ Upon a request for expertise, inspection of audit quality or handling of proposals regarding audit reports, complaints, denunciations and plans for subsequent periods and other requests under decisions of the State Auditor General.

### **Article 62.-** Destruction of audit reports

1. Upon the expiration of archival time limit, if the competent State agency issues no decision, audit dossiers shall be destroyed under decision of the State Auditor General.
2. The State Auditor General shall decide on the establishment of a council for destruction of audit dossiers. This council shall have to inventory and make a list of audit dossiers to be destroyed as well as minutes on the destruction of the expired audit dossiers.
3. Audit dossiers shall be destroyed by burning, cutting, mechanical or manual shredding to ensure that information and data in the destroyed dossiers cannot be reused.

## Chapter V

## RIGHTS AND OBLIGATIONS OF AUDITED ENTITIES

### **Article 63.-** Audited entities

1. The ministries, ministerial-level agencies, Government-attached agencies and other central agencies.
2. The agencies assigned tasks of collecting and spending the state budget at all levels.
3. The People's Councils and People's Committees at all levels, other local agencies.
4. The people's armed forces units.
5. The units managing reserve funds of the State, different branches and levels, and other financial funds of the State.
6. Political organizations, socio-political organizations, political-social-professional organizations, socio-professional organizations funded by the state budget.
7. Non-business units partly or wholly funded by the state budget.
8. Organizations managing national assets.
9. The management boards of investment projects funded by the state budget or using sources originating from the state budget.
10. Associations, unions, federations and other organizations partly funded by the state budget for operation.

11. State enterprises.

12. Apart from agencies, organizations and units defined in Clauses 1 thru 11 of this Article, units enjoying price support or subsidy by the State and units having debts guaranteed by the State other than State enterprises may hire audit enterprises to conduct audits. Audit enterprises must conduct audits according to State audit standards and process and send audit reports to the State Audit.

**Article 64.-** Rights of audited entities

1. To request audit delegations to show audit decisions and State auditors to show State auditor cards.
2. To refuse to supply information and documents related to audit contents; request the replacement of members of audit delegations when having evidence that such members are unfair when performing their duties.
3. To discuss, make written explanations about issues stated in draft audit reports if deeming them inappropriate.
4. To complain with the State Auditor General about acts of heads of audit delegations, leaders of audit teams and other members of audit delegations in the course of conducting audits when having grounds to believe that such acts are illegal; make proposals to the State Auditor General and competent State agencies regarding audit evaluations, verifications, conclusions and proposals when having grounds to believe that such evaluations, certifications, conclusions and proposals are unlawful.
5. To request the State Audit or State auditors to pay compensations if the latter cause damage to audited entities under the provisions of law.
6. To exercise other rights provided for by law.

**Article 65.-** Obligations of audited entities

1. To abide by audit decisions.
2. To formulate and send fully and promptly financial statements and reports on final settlement of investment projects; revenue and expenditure plans; reports on the situation of execution and final settlement of budgets to the State Audit when requested.
3. To supply fully and promptly information and documents necessary for an audit at the request of the State Audit or State auditors and take responsibility before law for the accuracy, truthfulness and objectivity of the supplied information and documents.
4. To reply and explain fully and promptly matters at the request of audit delegations or State auditors.
5. The heads of audited entities must sign audit records.
6. To implement fully and promptly the State Audit's conclusions and proposals regarding their violations in financial statements and violations in the observance of law; take measures to redress shortcomings in their operations according to the State Audit's conclusions and proposals; report in writing on the implementation of such conclusions and proposals to the State Audit.

**Article 66.-** Responsibilities to send financial statements and reports on final settlement of budgets

1. At the end of a budget year, grade-I central budget-estimating units and People's Committees of provinces or centrally-run cities shall have to send financial statements and reports on final settlement of budgets to the Finance Ministry according to the provisions of the State Budget Law, and concurrently to the State Audit.
2. The Finance Ministry shall have to send reports on final settlement of the State budget to the State Audit within 14 months after the end of the budget year.
3. The State Treasuries shall periodically send quarterly and annual reports on the realization of budget revenue and expenditure estimates to the State Audit.

Chapter VI

ASSURANCE OF OPERATIONS OF THE STATE AUDIT

**Article 67.-** Operation funding of the State Audit

1. The State Audit has separate operation funding, and is a grade-I central budget-estimating unit. The operation funding of the State Audit shall be estimated by the State Audit itself and proposed to the Government for submission to the National Assembly for decision.

2. The management, allocation and use of operation funding of the State Audit shall be effected according to the provisions of the state budget law.

**Article 68.-** Payroll of the State Audit

The total payroll of the State Audit shall be decided by the National Assembly Standing Committee at the proposal of the State Auditor General.

**Article 69.-** Investment for modernization of state audit activities

The State shall adopt investment policies to develop information technology and other facilities to ensure the organization and operation of the State Audit, meeting the requirements of international integration.

**Article 70.-** Regimes for State Audit officials and public employees

The salary, allowance and uniform regimes for State Audit officials and public employees as well as preferences for State auditors shall be provided for by the National Assembly Standing Committee.

**Article 71.-** State auditor cards

1. State auditor cards shall be granted by the State Auditor General to State auditors for use in performing audit tasks.

2. The form of State auditor cards and the use thereof shall be provided for by the State Auditor General.

Chapter VII

SUPERVISION OF OPERATIONS OF THE STATE AUDIT, HANDLING OF VIOLATIONS AND SETTLEMENT OF COMPLAINTS AND DENUNCIATIONS

**Article 72.-** Supervision of operations of the State Audit

1. The National Assembly, the National Assembly Standing Committee, the Nationality Council, the National Assembly's Committees, the National Assembly's delegations and National Assembly deputies shall, according to their functions, tasks and powers, have to supervise the operations of, and the use of funding by, the State Audit.

2. When deeming it necessary, the National Assembly shall set up an ad hoc committee to study and verify the results of operations of the State Audit.

**Article 73.-** Handling of violations

1. All acts of violating the law on the state audit must be handled promptly and strictly.

2. The investigation agencies, the people's procuracies and the people's courts shall have to consider proposals of the State Audit in order to handle violations of law according to their respective competence.

**Article 74.-** Handling of proposals, complaints and denunciations about the state audit

1. Within 30 days after receiving written requests from audited entities regarding audit reports, the State Auditor General must consider and handle them; for complicated cases, this time limit may be extended but must not exceed 45 days from the date of receiving a written request.

2. The complaint, denunciation and settlement of complaints and denunciations about the state audit shall comply with the provisions of the complaint and denunciation law.

Chapter VIII

IMPLEMENTATION PROVISIONS

**Article 75.-** Audit in the field of defense and security

Basing itself on the provisions of this Law, the National Assembly Standing Committee shall prescribe audit for a number of activities in the field of defense and security.

**Article 76.-** Implementation effect

This Law takes effect as of January 1, 2006.

*This Law was passed on June 14, 2005, by the XI<sup>th</sup> National Assembly of the Socialist Republic of Vietnam at its 7<sup>th</sup> session.*

Chairman of the National Assembly

NGUYEN VAN AN