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THE IMPACT OF AUDIT FEES ON THE QUALITY OF AUDIT SERVICES OF PUBLIC INTEREST ENTITIES IN VIETNAM

ABSTRACT

This study was conducted to assess the impact of audit fees on the quality of auditing services for public interest entities in Vietnam. Data was collected from 25 auditing firms accepted to audit public interest entities in Vietnam, with sufficient survey data for the period 2016-2023. The quantitative results showed that there are 4 main factors that affect the quality of audit services in descending order: reputation/prestige of the auditing firm, qualification of auditors, audit service fees, and size of the auditing firm. Based on these results, the authors propose some recommendations to improve the quality of audit services for public interest entities in Vietnam.

This study shows the strong impact of the reputation of the auditing firm on the quality of auditing services. This shows that the auditing industry is a unique industry where trust and professional ethics are put first. Therefore, maintaining the trust of customers and maintaining professional ethics and integrity is a vital factor for the auditing firm. The qualifications of the staff performing the audit are the second factor that greatly affects the quality of the audit. The auditing firm needs to have a practical policy to create conditions for auditors to be trained and improve their professional qualifications, contributing to improving the quality of audit services. Audit fees are the third factor affecting the quality of audits. To avoid unfair competition between auditing firms by reducing audit fees and eroding the quality of audit services, effective intervention from the supervisory agency is needed. At the same time, the auditing firm itself needs to proactively improve its reputation and prestige through continuously updating knowledge for auditors, not competing through reducing fees, thereby improving the quality of audit services.

Keywords: audit fees, auditing firm, audit quality, public interest entities, the reputation of auditing firm, Vietnam

JEL Classification: M40, M42, D22, D23

INTRODUCTION

There has been a series of major financial scandals involving auditing firms in recent times. Most recently, in 2024, Chinese authorities banned auditing firm PwC for 6 months and fined it more than CNY 400 million (USD 56.4 million), and PwC will be banned from signing any financial results in the country for 6 months for its involvement in the audit of bankrupt real estate developer Evergrande. The real estate giant Evergrande is considered a symbol of the ongoing real estate crisis in China. This is the heaviest penalty ever imposed on international auditing firms operating in China. China's securities regulator found that PwC's auditing arm turned a blind eye to, and even condoned, Evergrande's fraudulent behaviour in the annual audit of a member company and supported the company's bond issuance in 2019 and 2020.

KPMG was also fined GBP 4.8 million by the US Securities and Exchange Commission, 100 times higher than the contract value, for auditing violations for oil and gas company Miller Energy Resources when issuing an audit report that did not meet the standards set by auditing standards. KPMG's partner participating in this audit also had to pay a fine of USD 25.000 and was suspended from work.

In Vietnam, in 2023, in the two cases of Van Thinh Phat and Tan Hoang Minh, these enterprises both had fully audited financial statements and were both reputable companies. However, when the investigation agency got involved, it was found that much information was falsified and not true to reality. These two cases will leave lessons for auditing companies, state management agencies and investors in the process of consulting and reading financial statements to understand the actual situation of the enterprise.

In fact, the auditors involved in the violations in the case at Tan Hoang Minh Group were all suspended from practising auditing before being criminally prosecuted. For example, Bui Ngoc Lan, Director of Nam Viet Auditing Company, was suspended from practising auditing for 30 months before being criminally prosecuted, from July 22, 2022, to January 21, 2025; Nguyen Thi Hai, Deputy General Director of Hanoi CPA Company, was suspended from practising auditing for two years, from July 22, 2022, to July 21, 2024. In the Van Thinh Phat case, Ly Quoc Trung, Deputy General Director auditor of A&C Auditing Company, in charge of the 2019 financial statement audit of Ho Chi Minh City Service - Trading Joint Stock Company (Setra Corp), was also suspended from practising auditing for 1 year, from January 1 to December 31, 2024; Pham Hoa Dang, auditor of A&C Auditing Company, was also suspended at the same time.

Statistics from the Ministry of Finance, Vietnam, show that as of June 2024, the country had 2,420 practising auditors, accounting for about 39% of those with auditor certificates. The number of auditing firms granted certificates of eligibility to provide auditing services is more than 220. Regarding handling violations of auditing service quality, from 2013 to the present, statistics from the Ministry of Finance, Vietnam, show that 114 auditors have been suspended from practising auditing due to serious violations of auditing standards or not having enough hours of annual knowledge update as prescribed. Along with that, 03 auditing firms were suspended from providing auditing services due to serious violations of auditing standards, and 03 auditing firms had their certificates of eligibility to provide auditing services revoked due to not meeting the conditions for providing auditing services. Regarding handling administrative violations in the auditing field, from 2015 to the present, 67 auditing enterprises and 08 auditors have been administratively sanctioned for violations.

Based on in-depth interviews with experts to identify factors affecting the quality of audit services in Vietnamese public interest entities, combined with data collected from the Transparency Report of auditing firms for public interest entities in the period 2016-2023. This study uses a regression model to measure the effect of audit fees on the quality of audit services at Vietnamese public interest entities in relation to a number of other factors.

According to Article 4 of Circular No. 183/2013/TT-BTC, public interest entities include:

1. Entities in the securities sector, such as public enterprises, listed organizations, public securities issuance organizations, securities enterprises, securities investment enterprises, funds and fund management enterprises.
2. Other public interest entities, including:
   - Public enterprises, except for large-scale public enterprises specified in (1);
   - Insurance enterprises, reinsurance enterprises, insurance brokerage enterprises, branches of foreign non-life insurance enterprises except for insurance enterprises specified in (1);
   - Other enterprises and organizations related to public interest due to the nature and scale of operations of such entities as prescribed by law.

Circular No. 183/2013/TT-BTC issued by the Ministry of Finance of Vietnam on independent auditing for public interest entities, effective from January 18, 2014, stipulates: The review and approval of auditing organizations and practising auditors who meet the standards and conditions for auditing public interest entities is carried out periodically once a year. The approval period is calculated according to the calendar year from January 1 to December 31. According to Circular 183, to be reviewed and approved to meet the standards and conditions for auditing public interest entities annually, auditing organizations must submit documents, including the Annual Transparency Report. Based on information from the Transparency Report of auditing organizations approved to audit public interest entities in Vietnam, the article seeks to examine the relationship between audit quality and the following variables: audit fees, audit firm size, auditor qualifications, and audit firm reputation. The quantitative research results show that there is a positive relationship between the quality of audit services and audit fees, firm size, auditor qualifications, and audit firm reputation.

The article studies the auditing organizations qualified to audit public interest entities in the period from 2016 to 2023, the period from which Circular 183/2013/TT-BTC came into effect in Vietnam. During the survey, 25 auditing companies with complete data in the period 2016-2023 were included in the study. Thus, 200 observations were used to run a linear regression model to find the relationship between the quality of audit and internal factors in auditing companies performing independent audit services for Vietnamese public interest entities in the period 2016-2023.

LITERATURE REVIEW

The development of the financial market requires transparency and honesty of high-quality financial information. Information in financial reporting will directly or indirectly affect the rights and decisions of investors, creditors, and lenders. Independent auditors play a role in assessing the honesty and reasonableness of enterprises' financial reporting, but there are still risks. In a study by DeAngelo (1981), audit quality is the ability to detect and report material errors in financial reporting. There have been many studies identifying the factors affecting the quality of independent audit services.

Factors affecting audit quality can come from inside or outside the audit firm. Audit performance measures can indicate the quality of an audit, but they do not indicate which factors affect such quality. Therefore, understanding, controlling the impacts of factors on the quality of audit can determine the direction for improving audit quality. Most studies on the quality of audit divide the factors affecting audit quality into groups of factors of auditors, groups of internal factors of audit firms and groups of external factors.

Articles that study the influence of factors related to auditors and auditing firms (internal factors of auditing firms) can be mentioned, including Duff (2004) conducted a survey with 500 observations, including auditors at 16 largest auditing companies in the UK, CFOs of companies in the UK, fund managers in the UK and users of financial information from outside. With the inheriting the model of Parasuraman et al. (1988), Duff built a model of audit quality. Duff (2004) concluded that audit quality is a multifaceted concept, and the quality of audits is formed from both aspects: service quality and professional quality. There are 9 factors affecting audit quality, of which 4 factors belong to service quality: non-audit services, Responsiveness, Service, and Empathy, and 5 factors belong to professional quality: Independence, Reputation, Audit firm size, Experience, and Skills.

Suyono (2012), had a survey of 150 auditors at 28 auditing companies in the provinces of Central Java and Jogjakarta, Indonesia, the research results showed that: Auditors' independence, experience and sense of responsibility have a simultaneous impact on audit quality.

From the perspective of the quality of audit, it is understood as the ability of auditors to detect and report material errors in the presentation, disclosure and publication of financial reporting of audited clients (DeAgelo, 1981; Albitar et al., 2020). When evaluating the factors affecting the quality of audits, research results indicate that the ability of auditors to detect material errors depends on many factors, especially the professional competence, qualifications of auditors, and the independence of auditors (Akrimi, 2021).

Research on factors affecting audit quality was conducted by Carcello et al. (1992), Duff (2004), Kym et al. (2005), Kym et al. (2007); Kym et al. (2008); Francis (2004) drew conclusions about separately factors or groups of factors affecting the quality of audit.

External factors: Factors related to the needs of the economy (such as market demands, socio-economic level); Economic mechanism factors (including the group of factors Economic objectives, Economic policies, Quality management organization) (Hung and Dung, 2023).

Factors related to the auditing company and auditors include Human factors (Auditor quality and management levels), Technical factors (Auditing process, auditing methods), Management factors, Working conditions factors (AL-Qatamin & Salleh, 2020; Beckmerhagen et al., 2004); Auditing company size; Auditing expertise; Auditor tenure; Auditing fees; Scope of non-audit services; Auditor personality and professional ethics; Control of service quality (Copley & Doucet, 1993).

In addition, Deis & Giroux (1992) found that auditor tenure, management system, firm size, client factors, or third-party audit control influence the quality of the audit. DeAngelo (1999) pointed out that pressure on auditors, workload, and audit seasonality can reduce the quality of audits. Beattie et al. (2010) also pointed out that economic risk, audit committee activities, legal risks, audit firm ethics, auditor economic independence, risk of losing clients, audit firm size, international auditing standards, audit review, and auditor rotation are also considered factors that help improve independent audit quality.

In the US, where a series of major financial scandals occurred in the world, the research team Sewon and Wang (2012) showed that auditing companies in Texas reduced their initial audit fees by 22% compared to the fees of the following years to compete with other auditing companies in the region. This reduced the independence of auditors and negatively affected the quality of independent audits, so the Texas government increased supervision and issued laws prohibiting this phenomenon. Tan's (2009) study pointed out the experience of controlling the quality of independent audits in the US, which is the US Government's increased external quality control conducted by three different organizations: the Public

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Company Accounting Oversight Board (PCAOB), the American Institute of Certified Public Accountants (AICPA) and the Center for Public Company Auditing Firms (CPCAF).

In China - the world's largest capital market, Lin and Yen's (2010) study showed that before the application of international financial reporting standards (IFRS), audit fees were determined based on the risk of litigation and audit costs. State-owned enterprises mainly hire small-scale audit firms or domestic audit firms, as well as local audit firms with lower fees than Big4 or audit firms in joint ventures with international firms. As a result, there have been many post-audit lawsuits in China, the quality of independent audits has been assessed as low, and many inappropriate audit conclusions have affected the reputation of domestic audit firms. After the adoption and application of IFRS in 2006, audit fees increased due to the need to compensate for more complicated audit procedures. At the same time, audit quality was assessed as higher than before. China also proposed to publicize audit costs instead of a mechanism to regulate competitive prices in the government's audit market and to issue strict and rigorous quality control standards to strengthen quality control of audit firms, regardless of whether they audit listed or unlisted companies, at least once every 3 years, especially audit firms showing signs of unfair competition by offering low fees to attract customers.

In an audit market with a long history of development like Australia, auditing quality control is also a useful lesson for Vietnam. Douglas (2010) said that, in order to prevent competition through low audit fees, the Australian Securities and Investments Commission asks auditing companies to provide detailed information on audit fees. At the same time, audited companies must disclose audit fees in the financial statement notes, creating a basis for assessing whether audit fee reductions are associated with fundamental changes in the company's business operations.

In Vietnam, Thuy's (2014) study focused on three groups of factors affecting audit quality through a survey and assessment on a scale from low to high: a group of external factors (legal environment, listed enterprises and other factors), a group of factors related to auditors/audit teams (professional qualifications and ethics) and a group of factors related to auditing companies (audit fees, audit company size, audit methods, quality control system and other factors).

Hai (2012) pointed out some limitations of Vietnamese auditing services during operation, including the situation of lowering fees, shortening audit time to retain customers, affecting audit quality and transparency of financial statements, and, at the same time, proposing a fee framework for independent auditing activities. Huu's (2015) study also showed that audit fees have an important impact on the quality of audit services. However, domestic studies have only stopped at identifying factors affecting audit quality based on survey results and expert interviews without measuring the level of impact of these factors through the use of quantitative methods.

In order to supplement quantitative information on the level of impacts of factors on the quality of audits in public interest entities in Vietnam, based on a summary of relevant domestic and foreign studies, this article selects a number of key factors affecting the quality of audit services and focuses on measuring the level of impacts of audit fees on the quality of independent audit services in Vietnamese public interest entities through the use of a combination of qualitative and quantitative methods.

AIMS AND OBJECTIVES

Unlike developed countries that have a long history of developing auditing services and where auditing companies compete with each other on the quality of audit, in emerging economies, including Vietnam, the situation of unfair competition on audit fees is a burning issue in the auditing field. In the past 15 years, the number of auditing companies in Vietnam has grown rapidly. The large number of auditing companies has led to competition for low audit fees, which has been and is reducing the quality of independent auditing services in Vietnam. This study wants to go beyond quantitative research to find out how audit fees affect the quality of independent auditing services at public interest entities in Vietnam. How do we limit competition on low audit fees among auditing companies?

Faced with this situation, the group of authors found it necessary to study the impact of audit fee on the quality of independent audit services of public interest entities in Vietnam in order to propose solutions to improve the quality of independent audit services. Improving the quality of audit services, thereby strengthening investors' confidence in the reliability of audited financial statements, helps to develop sustainably and stabilize the financial market. In reality, what factors affect the quality of independent audit services at public interest entities in Vietnam?

METHODS

Research hypothesis

Regarding audit fees, through studying the relationship between auditor fees and independent audit quality in the US in the period 2000-2003, Defond & Jiambalvo (1993) and DeFond & Zhang (2014) concluded that economic factors determine auditor behaviour, affecting the quality of audit services. Douglas (2010) argued that some audit companies cut audit fees to retain customers or, expand market share or enhance revenue growth. This can cause audit quality problems. Studying the impact of audit fees on audit service quality, Madusanka (2015) also argued that audit fees affect auditor independence, time to work, and the number of auditors, thereby affecting quality. From there, the author proposes hypothesis number 1 as follows:

H1: Audit fees and audit quality have a positive relationship.

There are some studies showing that the quality of auditing services does not depend on the size of the auditing firm; the quality of large auditing firms and small auditing firms are evaluated equally from the perspective of financial statement users, such as studies by Dennis (2015), Ferreira (2018) and American Institute of Certified Public Accountants (AICPA, 1992 and 2002). However, many other recent studies have shown that the size of the audit firm is one of the factors affecting audit quality, such as the studies of Titman & Trueman (1986), Beatty (1989), Davidson (1993), Choi et al. (2008), Hope et al. (2013), Simunic et al. (2011), Hoitash et al. (2007)... The study of DeAngelo (1981) shows that audit quality is related to the size of the audit firm; audit firms with larger scales and reputations will provide better quality independent audit services even when auditors have the same technical ability. The study of Lennox (1999) also concluded that the size of the audit companies has a positive relationship with the quality of audit services. From there, the author proposes hypothesis number 2:

H2: The larger the size of the auditing firm, the higher the quality of independent auditing services.

Deis & Giroux (1992) identified that auditor qualifications, auditor tenure, management system, client company factors, or third-party audit control as having an impact on audit quality (Krishnan, 2000; Kuntari et al., 2017; Lospes & Peters, 2001; Owolabi & Olagunju, 2020). The author proposed hypothesis number 3 as follows:

H3: The higher the auditor qualifications, the better the quality of independent audit services.

Kit (2005) pointed out that pressure on auditors, workload, and audit seasonality can reduce the quality of audit service. Meanwhile, the audit process and the reputation of the audit firm can increase audit quality. Beattie et al. (2010) and Knechel et al. (2013) also pointed out that audit firm ethics, audit firm size, and audit firm reputation/prestige are also considered factors that help improve independent audit quality. Therefore, the author proposes hypothesis number 4 as follows:

H4: The higher the reputation/prestige of the auditing firm, the better the quality of independent auditing services.

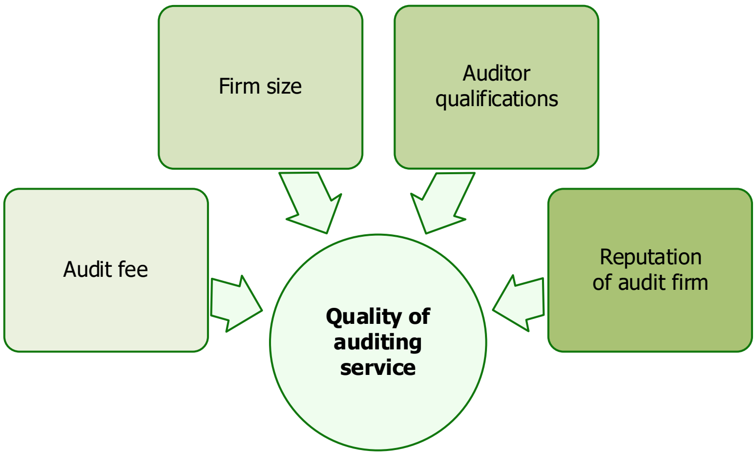

Figure 1. Research Model.

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Research Model

Model 1: To measure the impact of audit fees on the quality of audit services provided by audit companies approved to audit public interest entities in Vietnam:

$$Y = \beta_0 + \beta_1 X1 \quad (1)$$

Model 2: To measure the impact of audit fees in relation to a number of other factors on the quality of audit services provided by audit companies approved to audit Vietnamese public interest entities:

$$Y = \beta 0 + \beta 1\ X1 + \beta_2\ X2 + \beta_3\ X3 + \beta_4\ X4 + \beta_5\ X5 \quad (2)$$

Explanations of variables and methods of measurement of variables are presented in Table 1 as follows.

Table 1. Variables in the research model. Note: VACPA - Vietnam Association of Certified Public Accountants.

Variables	Preference	Measurement
Y	Dependent Variable Quality of Public Interest Audit Services Total Score = 100	Based on the annual assessment results of VACPA, in coordination with the summary report on the results of the annual audit service quality inspection of the Department of Accounting and Auditing Practice Supervision (The Vietnamese Ministry of Finance) ; in coordination with the Summary Report on the results of the annual audit service quality inspection of the State Securities Commission of Vietnam
X1	Audit fee = Revenue / Number of clients that are public interest entities	Annual transparency report of the audit firm approved to audit public interest entities
X2	Total number of employees of the auditing firm	Annual transparency report of the audit firm approved to audit public interest entities
X3	Auditor Qualification	Number of professional staff with audit practice certificates In Annual transparency report of the audit firm approved to audit public interest entities
X4	Audit firm reputation/prestige	According to the annual summary report of VACPA, auditing companies are classified by revenue

Research data

In the study, primary data is the result of in-depth interviews with 22 experts, such as the board of directors, senior auditors of auditing companies in Vietnam, research experts in the auditing field, experts working at the Vietnam Association of Certified Public Accountants (VACPA) and the Department of Supervision of Accounting and Auditing Practices - Ministry of Finance to identify influencing factors and assess the level of influence of factors on the quality of independent auditing services in Vietnam.

The assessment scale is designed with 5 levels:

1. Absolutely disagree.
2. Disagree.
3. Neutral.
4. Agree.
5. Absolutely agree.

Secondary data is collected from 25 auditing companies approved to audit public interest entities in the period from 2016-2023 (companies without sufficient data for 8 years have been excluded). This data is taken from the annual announcement decision of the Department of Supervision of Accounting Practice and Auditing under the Ministry of Finance; the website of the State Securities Commission of Vietnam annually announces the list of auditing companies and auditors approved to audit public interest entities. Information on the number of employees, the number of practising auditors, the number of listed company clients, and the revenue of auditing companies is collected from the Transparency Reports of auditing companies, annual summary reports on operations, and annual inspection reports conducted by VACPA, the Ministry of Finance, or the State Securities Commission for the period 2016-2023.

RESULTS

In-depth expert interview results

Through in-depth interviews with 22 experts, the impacts of factors and the level of impacts of each factor on the quality of audit services in Vietnamese public interest entities are summarized in Table 2. Expert interview results (Percentage %).

Table 2. Interview results.

Statement	Level				
	1	2	3	4	5
Audit fees and audit quality have a positive relationship	4	8	34	21	18
The larger the size of the auditing firm, the higher the quality of independent auditing services	0	4	50	26	20
The higher the auditor qualifications, the better the quality of independent audit services	0	4	21	34	26
The higher the reputation/prestige of the auditing firm, the better the quality of independent auditing services	4	8	50	26	12
Auditor experience (participated in at least 3 similar audits) affects audit quality	4	4	21	26	20
Auditing process affects audit quality	4	4	21	34	18
Auditing method affects audit quality	4	8	50	26	12
Work pressure (amount of work and time required to complete audit reports) affects audit quality	0	4	21	34	26

The results of the in-depth interviews were processed and scored to rank the level of influence of factors on the quality of audit services at auditing companies accepted to audit public interest entities in Vietnam (Table 3). In which the level of influence is calculated by averaging the survey votes.

Table 3. Ranking the level of impact of factors on the quality of audit.

Factors	Level of influence
The audit fee	4.33
The size of the auditing firm	3.75
The auditor qualifications	4.17
The reputation/prestige of the auditing firm	3.75
Auditor experience	3.25
Auditing process	3.25
Auditing method	3.25
Work pressure	3.25

In Table 3, experts all believe that audit fees have a significant impact on the quality of audit services in Vietnamese public interest entities, reaching 4.33 points. This is followed by the impact score of auditor qualifications with 4.17 points. It can be seen that the Group of 4 factors with the greatest impact on the quality of independent audit services in Vietnam are included in the model for quantification, including Audit fees, audit firm size, auditor qualifications, and audit firm reputation.

Regression models

Based on data collected from the websites of the Vietnam Association of Certified Public Accountants, the State Securities Commission of Vietnam, the Department of Accounting and Auditing Practice Supervision, the Ministry of Finance of Vietnam, the measurement results of the impact of audit fees on the quality of audit in Vietnamese public interest entities are shown in model 1 and model 2.

Based on the results of model 1 with 200 samples, it can be seen that audit fees have a positive impact on the quality of the audit and are statistically significant. However, the model results only explain 22% of the variation in the dependent variable Y (representing the quality of audit in Vietnamese public interest entities) due to the impact of audit fees (X1). Therefore, this study will add 3 other factors that affect the quality of the audit (based on the results of in-depth expert

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interviews), including the size of the audit firm (X2), the auditor's qualifications (X3) and the reputation/prestige of the audit firm (X4) to examine the impact of audit fees on the quality of audit services in relation to these factors.

Model 1: Measuring the impact of audit fees on the quality of audit firms accepted to audit public interest entities in Vietnam:

Y = 0.805 + 0.578*X1

(2.63) (6.02)

Adjusted R^2 = 0.22; Durbin Watson = 1.63

Model 2: Measuring the impact of audit fees on the quality of audit at audit firms accepted to audit public interest entities in Vietnam in relation to a number of other factors:

Y= 0.685 + 0.217 * X1 + 0.085 * X2 + 0.259 * X3 + 0.319 * X4

(1.39) (2.02) (0.63) (2.54) (2.17)

Adjusted R^2 = 0.5; Durbin Watson = 1.8

The results of model 2 show that the quality of independent audit services in auditing firms approved to audit Vietnamese public interest entities is not only affected by the audit fee but also by the auditor's qualifications and the reputation/prestige of the auditing firm. The results are statistically significant. The factor of the size of the auditing firm, although not statistically significant, also has a positive impact on the quality of independent audit services.

Model 2 explains 50% of the variation in the quality of audit (dependent variable Y) depending on the audit fee, auditor's qualifications, reputation/prestige of the auditing firm, improving reliability compared to model 1.

Thus, it can be concluded that audit fees, the auditor's qualifications, the reputation/prestige of the auditing firm, and the size of the auditing firm have a positive impact on the quality of the audit, consistent with the hypotheses put forward in the article. The impact trend of audit fees shows that the higher the audit fee, the better the quality of independent audit services. Therefore, unfair competition with low fees will reduce the quality of the audit, affecting the decision-making of investors, lenders, creditors and related parties.

DISCUSSION

Audit quality is always a top concern not only for auditing companies but also for stock markets, users of financial reporting and authorities. However, in recent years, there have been more and more scandals about audit quality both in the world and in Vietnam. This has made relevant agencies, investors, and creditors more concerned about the quality of financial reporting audits of auditing companies. Many aspects have been raised to investigate, such as what factors affect audit quality, are those factors strictly controlled by authorities, professional associations and independent auditing firms, and if so, how are they implemented? Through the results of this quantitative research, the author has pointed out the relationship between audit quality and internal factors within the auditing company. From the research results, the author proposes solutions to improve the quality of independent auditing as follows:

1. First, it is necessary to create a specific basis for calculating audit fees for independent audit services in Vietnam. Based on the scale of the client enterprise, the nature of the production and business sector (production, services, construction...), the scope of activities, and the number of documents, on that basis, a plan should be developed for the number of auditors participating in the audit as well as the number of working hours of the auditor for an audit as a basis for calculating audit fees.
2. Second, audited companies need to disclose audit fees in the notes to financial reporting, creating a basis for assessing whether the reduction in audit fees is associated with fundamental changes in the enterprise's business operations or not. Lowering audit fees may help enterprises save costs in the short term, but it has serious long-term consequences due to the decline in audit quality, affecting the reliability and transparency of published information and eroding the trust of investors, creditors and stakeholders. Therefore, it is necessary to strengthen strong sanctions to strictly handle advertising low fees, lowering audit fees to compete for customers and unfair competition among auditing firms.

3. Third, to ensure audit quality, the auditors have to handle complex problems such as accounting estimates, fair values, impairments, and contingent liabilities related to uncertain future events. Auditors need to spend more time and perform more audit methods to collect sufficient and appropriate audit evidence as a basis for their opinions, ensuring the reliability of financial statements as well as audit quality. Therefore, auditors themselves need to consciously improve their qualifications and experience to improve audit quality. At the same time, auditing firms need to conduct training and continuously update knowledge for employees in the company.
4. Fourth, based on the experience of the United States, it is necessary to strengthen inspection and control of the audit quality of auditing companies by building an external audit quality control system done by the State Securities Commission, the Ministry of Finance, VACPA and other organizations. At the same time, it is necessary to strengthen crosschecking between auditing companies. The Ministry of Finance has to strictly review the licensing activities and the establishment of auditing companies and regularly inspect auditing companies approved to audit public interest entities to improve audit quality.
5. Fifth, when detecting signs such as (1) there is a change to a new audit firm with a new audit fee much lower than the old audit fee; (2) the first year's audit fee is much lower than the audit fee in the following years while the scope and the work do not change significantly; (3) the audit fee is low, but other service fees arise such as tax consulting fees, accounting consulting fees and other services. VACPA or the Department of Accounting and Auditing Practice Supervision (Ministry of Finance), SEC requires audit companies to disclose and explain information on audit fees publicly in periodic and ad hoc inspection reports.

CONCLUSIONS

In summary, this study aims to explore the relationship between independent audit quality and audit fees at audit companies approved to audit for public interest entities in the context of other variables. Audit fees are shown to have an impact on audit service quality, but the impact is smaller than the two factors of reputation (prestige) of the audit firm and auditor qualifications. The quantitative research results show that 4 variables have a positive impact on the quality of audit services for public interest entities in Vietnam: the reputation (prestige) of the audit firm, auditor qualifications, audit fees, and audit firm size. Therefore, company managers need to pay attention to implementing good policies for auditors to motivate and connect employees with the company's reputation. This study shows the strong impact of the reputation of audit companies on audit service quality. This shows that the auditing industry is a special industry where trust and professional ethics are put first. Therefore, maintaining the trust of customers and maintaining professional ethics and integrity is a vital factor for an auditing company.

Limitations and future research

This study was conducted with a sample of mainly auditing companies that are accepted to audit public interest entities with complete data for 8 consecutive years from 2016 to 2023. This list is approved annually and widely published on the websites of the Ministry of Finance and the State Securities Commission of Vietnam. This will not represent all auditing companies licensed to do business in Vietnam.

Future research can consider other aspects of the multidimensionality of auditing services (factors external to the auditing company, factors internal to the auditing company and can expand to other cases.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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ВПЛИВ ПЛАТИ ЗА АУДИТ НА ЯКІСТЬ АУДИТОРСЬКИХ ПОСЛУГ СУБ'ЄКТІВ ПУБЛІЧНОГО ІНТЕРЕСУ У В'ЄТНАМІ

Це дослідження було проведене з метою оцінки впливу плати за аудит на якість аудиторських послуг для суб'єктів, що становлять суспільний інтерес у В'єтнамі. Дані були зібрані від 25 аудиторських фірм, допущених до аудиту підприємств, що становлять суспільний інтерес у В'єтнамі, з достатніми даними опитування за період 2016-2023 років. Кількісні результати показали, що є 4 основні фактори, які впливають на якість аудиторських послуг у порядку зниження: репутація / престиж аудиторської фірми; кваліфікація аудиторів; плата за аудиторські послуги; розмір аудиторської фірми. На основі цих результатів автори запропонували низку рекомендацій щодо покращення якості аудиторських послуг для суб'єктів публічного інтересу у В'єтнамі. Це дослідження показує сильний вплив репутації аудиторської фірми на якість аудиторських послуг. Це свідчить про те, що аудиторська галузь є унікальною цариною, де на перше місце ставлять довіру та професійну етику. Тому підтримка довіри клієнтів і дотримання професійної етики й чесності є життєво важливими факторами для аудиторської фірми. Кваліфікація персоналу, який

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виконує аудит, є другим фактором, який має значний вплив на якість аудиту. Аудиторська фірма повинна мати практичну політику щодо створення умов для навчання аудиторів і підвищення їхньої професійної кваліфікації, що сприятиме підвищенню якості аудиторських послуг. Плата за аудит є третім фактором, що впливає на якість аудиторських перевірок. Для уникнення недобросовісної конкуренції між аудиторськими фірмами шляхом зниження плати за аудиторські послуги, зниження якості аудиторських послуг необхідне ефективне втручання з боку органів контролю. Водночас, сама аудиторська фірма повинна активно покращувати свою репутацію та престиж за рахунок постійного оновлення знань аудиторів, тим самим покращуючи якість аудиторських послуг, а не конкурувати шляхом зниження гонорарів.

Ключові слова: аудиторські збори, аудиторська фірма, якість аудиту, суб'єкти суспільного інтересу, репутація аудиторської фірми, В'єтнам

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