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**PERFORMANCE AUDIT OF STATE BUDGET
EXPENDITURE OF HO CHI MINH CITY**

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INTRODUCTION

1. Urgency of the Research Topic

In the context of public financial management reform toward greater transparency, accountability, and improved expenditure efficiency, performance auditing has increasingly become an important instrument for assessing whether budget utilization is not only “in compliance with regulations” but also “aligned with objectives and capable of generating value.” This need is particularly urgent in Ho Chi Minh City (HCMC) – the locality with the largest revenue and expenditure scale in the country, implementing numerous complex public expenditure programs that require evidence-based oversight aligned with sustainable development goals. Within Vietnam’s financial oversight system, the State Audit Office of Vietnam (SAV) is a constitutionally mandated supervisory institution; in HCMC, SAV Regional Office IV is the entity directly responsible for auditing the local budget. In practice, the management of state budget expenditures in HCMC has revealed issues such as expenditures not linked to output results, low efficiency, and public investment projects experiencing delays, cost overruns, or slow realization of expected benefits. These issues highlight the role of performance auditing in identifying bottlenecks and providing recommendations to improve the efficiency of resource allocation and utilization.

2. Research Objectives

- To systematize and clarify the theoretical foundations of performance auditing of local budget expenditures;
- To analyze the current status of organizing and implementing performance audits in the field of state budget expenditures in Ho Chi

Minh City conducted by SAV Regional Office IV during the period 2019–2024;

- Through case studies, to clarify how the performance audit process operates in practice, thereby identifying achieved results, existing limitations, and the causes of such limitations in the organization and implementation of performance auditing;;

- To empirically test several factors affecting the quality and outputs (impacts) of performance auditing of local budget expenditures, based on a research model and measurement scales developed from theoretical and practical foundations;

- To propose orientations, solutions, and recommendations to improve performance auditing in the field of state budget expenditures in Ho Chi Minh City, including solutions for the State Audit Office, recommendations for audited entities, and recommendations concerning the institutional and policy environment.

3. Research Subjects

The performance audit process of the State Audit Office of Vietnam;
The application of the performance audit process in practice; Factors affecting the outputs (impacts) of performance auditing.

4. Research Scope

The study focuses on performance auditing of state budget expenditures in Ho Chi Minh City conducted by SAV Regional Office IV during the period 2019–2024. The research covers: the theoretical and legal foundations of performance auditing; the current organization and implementation of performance audits in the field of state budget expenditures (development investment expenditures, recurrent expenditures, target programs, etc.); assessment of results, effectiveness, and practical shortcomings; analysis of the causes of limitations; and the

proposal of solutions to improve performance auditing in accordance with the practical conditions of Ho Chi Minh City.

5. Research Methodology

The study employs a mixed-methods approach combining quantitative and qualitative research. The methodology is designed to examine the current implementation of performance auditing and to identify factors influencing performance auditing conducted by SAV Regional Office IV in Ho Chi Minh City through the integration of three data collection methods: (i) document and audit report analysis; (ii) case study analysis of audit engagements; and (iii) in-depth interviews. Qualitative methods are used to clarify the causal relationships among factors (independent variables) at the micro, meso, and macro levels affecting the impacts of performance auditing conducted by SAV Regional Office IV in the public sector of Ho Chi Minh City.

6. Original Contributions of the Dissertation

- *Theoretical contributions*:: The dissertation systematizes and clarifies the theoretical foundations of performance auditing in the field of local state budget expenditures by integrating theoretical approaches from public governance, agency theory, and results-based public financial management. In addition, it develops and empirically tests a research model on factors influencing the quality and impacts of performance auditing in the field of local budget expenditures;

- *Practical contributions*: The dissertation provides a systematic analysis of the current organization and implementation of performance auditing of state budget expenditures in Ho Chi Minh City during the study period, clarifying how the audit process operates in practice, the results achieved, as well as the limitations and their causes at each stage of the audit process. Furthermore, identifying and analyzing the factors affecting

the quality and impacts of performance auditing provides a practical basis for proposing solutions to improve the audit process, methods, and organization of performance auditing in the field of local budget expenditures. The dissertation's recommendations may serve as references for reforming the activities of the State Audit Office of Vietnam and are also meaningful for local budget management authorities in enhancing the efficiency of public resource utilization, improving coordination mechanisms, and strengthening accountability.

Chapter 1

LITERATURE REVIEW AND RESEARCH METHODOLOGY

This chapter presents an overview of domestic and international studies related to performance auditing in the public sector, particularly performance auditing of state budget expenditures. It also identifies research gaps and establishes the research methodology of the dissertation.

Regarding the literature review, international studies indicate that performance auditing has been examined comprehensively from multiple perspectives, including its role in enhancing public governance effectiveness, evaluation methods based on the criteria of economy, efficiency, and effectiveness (3E), as well as the mechanisms through which auditing influences decision-making processes and policy reform. Numerous studies emphasize that the impact of performance auditing is not limited to direct financial outcomes but also encompasses changes in managerial awareness, governance mechanisms, and accountability of budget-using entities. In addition, prior research has identified various factors influencing the effectiveness of performance auditing, such as the quality of the audit process, auditors' professional competence, the responsiveness of audited

entities, and the broader institutional environment.

In Vietnam, existing research has contributed to the development of both theoretical and practical foundations for performance auditing, clarifying its objectives, scope, and procedures, and proposing solutions to strengthen its role within the State Audit Office of Vietnam. However, most studies focus on general theoretical aspects or on analyzing audit procedures, while research on the impact mechanisms of performance auditing, factors affecting its effectiveness, and empirical studies at the local level remains limited—particularly in the context of large metropolitan areas such as Ho Chi Minh City. Based on this review, the dissertation identifies several major research gaps.

First, there is a lack of studies conceptualizing the impacts of performance auditing within a systematic analytical framework that fully reflects the various types of impacts and their impact chains in practice.

Second, empirical research on factors affecting the quality and impacts of performance auditing in the field of local budget expenditures remains limited and lacks sufficient empirical evidence.

Third, there are few in-depth studies on the organization and implementation of performance auditing in localities with large budget scales, where public expenditure programs are complex and have broad socio-economic impacts, such as Ho Chi Minh City. These research gaps provide the basis for defining the research objectives, research questions, and methodological orientation of the dissertation.

Regarding research methodology, the dissertation adopts a mixed-methods approach, combining qualitative and quantitative methods to ensure both an in-depth understanding of the research phenomenon and the empirical testing of relationships within the proposed research model. Qualitative research is employed to analyze documents, review audit reports,

conduct case studies, and carry out in-depth interviews to clarify the practical implementation of performance auditing, identify influencing factors, and refine the research model. On that basis, quantitative research is conducted to test research hypotheses and measure the degree of influence of various factors on the quality and outputs (impacts) of performance auditing. In addition, the dissertation utilizes systematic analysis, synthesis, and comparative methods to clarify the theoretical foundations, legal framework, and practical implementation of performance auditing in the field of state budget expenditures.

Chapter 2

THE THEORETICAL FOUNDATIONS OF PERFORMANCE AUDITING OF LOCAL STATE BUDGET EXPENDITURES

Chapter 2 presents the theoretical foundations of state budgeting, performance auditing, and the impacts of performance auditing in the field of local budget expenditures. The chapter aims to establish the theoretical framework for analyzing the current implementation of performance auditing in Ho Chi Minh City in subsequent chapters, as well as to provide the basis for developing the research model and the hypotheses to be tested.

2.1. GENERAL THEORETICAL FOUNDATIONS OF LOCAL BUDGET EXPENDITURES

This section clarifies the concept, nature, and role of the state budget within the public financial system. The state budget is regarded as a primary instrument through which the State performs its functions of resource allocation, macroeconomic regulation, and provision of essential

public services to society. Within the structure of the state budget, local budgets play a crucial role in implementing socio-economic development tasks within their jurisdictions, particularly in the areas of development investment, education, healthcare, social welfare, and public administration.

Local budget expenditures are analyzed according to their main categories, including development investment expenditures, recurrent expenditures, and expenditures for programs, projects, and public policies. Each category possesses distinct characteristics in terms of objectives, management mechanisms, and control requirements, thereby imposing different demands on auditing activities. In the context of modern public financial management, budget expenditures are no longer assessed solely on the basis of legal compliance but must also be evaluated in terms of efficiency and output performance in the use of public resources.

2.2. THEORETICAL FOUNDATIONS OF PERFORMANCE AUDITING

This section presents the fundamental theoretical issues of performance auditing, including its concept, characteristics, role, content, and procedures in accordance with international standards. Performance auditing is understood as a systematic and independent examination and evaluation of the economy, efficiency, and effectiveness (3E) in the management and use of public resources. Unlike financial auditing and compliance auditing, performance auditing focuses on assessing the quality of management, the extent to which objectives are achieved, and the potential for improving the operations of programs, projects, or organizations.

The essential characteristics of performance auditing are clarified,

including its goal-oriented nature, flexibility in methodological approaches, broad scope of evaluation, and the requirement to employ diverse analytical methods. The role of performance auditing is examined from three perspectives: supporting legislative and executive oversight of public finance, providing information for policymaking, and contributing to improved public governance effectiveness.

The theoretical basis of performance auditing is presented on the foundation of results-based public financial management theory, policy evaluation theory, and accountability theory in the public sector. The content of performance auditing is analyzed according to the criteria of economy, efficiency, and effectiveness, with emphasis on the importance of establishing audit criteria, collecting evidence, and forming audit conclusions.

This chapter also discusses various approaches to performance auditing, including program-based, management system-based, and value chain-based approaches. The performance audit process under INTOSAI standards is summarized through its main stages: topic selection and planning, audit implementation, reporting, and follow-up of audit recommendations. This framework serves as a reference for comparison with the practical implementation of performance auditing analyzed in subsequent chapters.

2.3. PERFORMANCE AUDITING IN THE PUBLIC SECTOR

This section analyzes the principles and general requirements governing performance auditing in the public sector. Performance auditing in the public domain is guided by principles such as independence, objectivity, transparency, and accountability. To ensure audit quality, institutional safeguards are required, including professional standards, audit quality control systems, auditor training, and mechanisms for public

disclosure of audit results.

The theoretical foundation of public expenditure efficiency is presented to clarify the objectives of performance auditing in the budgetary field. Under this approach, public expenditure efficiency is assessed not only by the completion of spending tasks but also by outputs and socio-economic impacts. Performance auditing serves as an instrument to support the evaluation of public spending effectiveness, thereby contributing to improved budget management quality.

This section also analyzes the relationship between performance auditing and public governance theory, particularly perspectives from New Public Management and results-based management. Within this framework, performance auditing is regarded as an important institutional mechanism for strengthening accountability, enhancing transparency, and promoting public sector reform.

2.4. THE THEORY OF PERFORMANCE AUDIT IMPACT AND INFLUENCING FACTORS

This section presents the theoretical foundations of performance audit impact and the factors influencing such impact. The impact of performance auditing is approached in a broad sense, encompassing not only the implementation of audit recommendations but also changes in awareness, management processes, and operational mechanisms within audited organizations. The impact mechanism is analyzed through an impact chain, whereby audit findings and recommendations generate intermediate changes that contribute to improving operational effectiveness and enhancing the quality of budget expenditures in the long term. Audit impacts may take various forms, including direct impacts, indirect impacts, and cognitive or perceptual impacts.

This chapter also systematizes groups of factors influencing the

effectiveness and impact of performance auditing. These factors are analyzed at multiple levels, including those related to the audit process and the quality of audit reports; factors associated with the audit institution and audited entities; and factors related to the broader institutional, policy, and governance environment. Identifying these factors provides the basis for developing the research model and formulating hypotheses to be tested in subsequent chapters.

Chapter 3

THE CURRENT SITUATION OF PERFORMANCE AUDITING OF STATE BUDGET EXPENDITURES IN HO CHI MINH CITY

3.1. OVERVIEW OF THE SOCIO-ECONOMIC CONTEXT AND MANAGEMENT OF STATE BUDGET EXPENDITURES IN HO CHI MINH CITY

Chapter 3 begins by analyzing the socio-economic context and the characteristics of state budget expenditure management in Ho Chi Minh City during the study period. As the locality with the largest revenue and expenditure scale nationwide, contributing approximately 25–27% of total national budget revenue and more than 22% of GDP, Ho Chi Minh City is also a special urban area with a population exceeding 10 million and a budget management system dispersed across multiple administrative levels and numerous budget-using entities.

The large scale of budget expenditures, with a structure heavily concentrated on infrastructure development, healthcare, education, social welfare, and major investment projects, requires management that goes beyond legal compliance to ensure efficiency and effectiveness in the use of public resources. However, in practice, the disbursement rate of public

investment capital has remained low for several years; delays in project settlement persist; and pressures on budget balancing, along with increasing demands to improve public expenditure efficiency, continue to intensify. This context creates an objective necessity to strengthen and improve performance auditing of state budget expenditures at the provincial level.

3.2. CURRENT SITUATION OF PERFORMANCE AUDITING OF STATE BUDGET EXPENDITURES IN HO CHI MINH CITY

The research findings indicate that performance auditing of state budget expenditures in Ho Chi Minh City has been implemented in accordance with the audit process of the State Audit Office of Vietnam, encompassing the main stages of topic selection and audit planning, audit execution, audit reporting and issuance, follow-up on the implementation of recommendations, and post-audit impact assessment.

At the planning stage, the selection of audit subjects has primarily been based on criteria such as large-scale budget expenditures, unusual signs identified through data analysis, past violations or delays in implementing recommendations, and feedback from management authorities or elected representatives. While this approach helps concentrate audit resources on high-risk areas, it also reflects a tendency to focus more on detecting irregularities than on assessing efficiency and policy impact.

During the audit execution stage, activities including evidence collection, data analysis, compliance verification, and evaluation according to the criteria of economy, efficiency, and effectiveness (3E) have been carried out. Nevertheless, the application of the 3E evaluation framework in practice has not been uniform, particularly in measuring effectiveness and the broader impacts of budget expenditure programs.

At the reporting and follow-up stage, audit reports have consolidated identified violations and shortcomings, recommended financial adjustments, and proposed improvements to mechanisms, policies, and management procedures. Follow-up activities have been conducted through periodic reporting and verification of recommendation implementation, contributing to enhanced accountability of audited entities. However, the assessment of long-term audit impacts and the measurement of improvements in budget expenditure efficiency remain limited.

3.3. CASE ANALYSIS OF TWO PERFORMANCE AUDIT REPORTS

To clarify how performance auditing operates in practice, the dissertation analyzes two representative case studies.

The first case concerns the performance audit of Ho Chi Minh City's Flood Control Program. The analysis shows that the audit identified numerous shortcomings in planning, project implementation, inter-agency coordination, and investment efficiency. Audit recommendations contributed to adjustments in certain management aspects of the program, strengthened progress control, and enhanced accountability among relevant agencies. This case demonstrates that performance auditing can generate significant impacts in improving management mechanisms and enhancing the effectiveness of public programs.

The second case involves the performance audit of Project X for the construction of a general hospital. The audit identified limitations in project formulation, capital allocation, progress management, and the efficient use of resources. Through audit recommendations, certain project management processes were adjusted, and awareness among project owners and management authorities was enhanced regarding the need to manage public investment expenditures in a more efficient and economical manner. This case clearly illustrates the impact mechanism of performance

auditing through improvements in procedures and changes in managerial behavior.

The analysis of these two cases indicates that the impact of performance auditing is not confined to financial adjustments but also encompasses changes in management mechanisms, implementation processes, and the awareness of relevant stakeholders.

3.4. EVALUATION OF THE CURRENT SITUATION OF PERFORMANCE AUDITING OF STATE BUDGET EXPENDITURES IN HO CHI MINH CITY

The research findings show that performance auditing has achieved several positive results. First, audit engagements have contributed to detecting and addressing numerous violations and shortcomings in budget management and use, thereby enhancing transparency and fiscal discipline. Second, audit recommendations have helped improve certain management mechanisms and procedures and strengthen accountability among budget-using entities. Third, performance auditing has begun to create cognitive impacts, encouraging audited entities to pay greater attention to efficiency and results in budget utilization.

In addition to these achievements, the study identifies several limitations in the organization and implementation of performance auditing. The selection of audit subjects remains more oriented toward compliance risks rather than efficiency and impact risks. Methods for evaluating efficiency and effectiveness in certain audits have not yet been fully standardized and lack sufficient quantitative data. Audit resources—particularly personnel with specialized expertise and evaluation skills—remain limited. Post-audit follow-up and long-term impact assessment have not been conducted systematically.

The causes of these limitations stem from multiple factors, including constraints in audit resources and supporting technology; incomplete

standardization of performance audit methods and procedures; insufficient coordination among agencies in budget expenditure management; and shortcomings in institutional conditions, data systems, and mechanisms for monitoring the implementation of audit recommendations.

From these analyses, it can be concluded that performance auditing of state budget expenditures in Ho Chi Minh City has begun to fulfill its role in enhancing transparency, accountability, and the effectiveness of budget management. However, the level of impact remains uneven and is influenced by various factors related to the audit process, the quality of audit reports, the characteristics of audited entities, and the broader institutional environment.

Chapter 4

ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS

4.1. CONSOLIDATION OF IMPACT MEASUREMENT SCALES AND INFLUENCING FACTORS

Chapter 4 presents the quantitative analysis results used to test the research model and hypotheses regarding factors affecting the quality and impact of performance auditing in the field of state budget expenditures in Ho Chi Minh City. Based on the theoretical framework and research model developed in previous chapters, this chapter processes survey data, tests the reliability of measurement scales, conducts factor analysis, and performs regression analysis to evaluate the extent to which identified factors influence the outputs and impacts of performance auditing.

The results from case studies and in-depth expert interviews identified 42 factors influencing performance auditing, including one

factor not previously documented in earlier studies. In addition, four factors related to the audit implementation process were incorporated into the measurement system based on prior research findings. In total, 46 factors were defined in accordance with performance audit theory to serve as the foundation for constructing survey questions (measurement scales) in the quantitative research stage.

The survey questionnaire was designed to correspond to each factor identified during the qualitative research phase. Accordingly, the study established a measurement system consisting of:

(i) 38 influencing factors identified through qualitative research, categorized into three groups: the micro level (audit process, audit report quality, audit findings and recommendations, and audit communication methods); the meso level (characteristics of State Audit Office of Vietnam – Region IV and of audited entities); and the macro level (institutional and political contextual characteristics);

(ii) 8 factors measuring the effectiveness and impact of performance auditing on public expenditure management in Ho Chi Minh City.

This classification was primarily based on the analytical framework proposed by Van Looke and Pütt (2011), as described in Chapter 2, in order to determine how each factor contributes to the effectiveness and impact of performance auditing in the public expenditure context of Ho Chi Minh City.

4.2. SURVEY RESULTS AND DISCUSSION OF QUANTITATIVE FINDINGS

Descriptive statistical analysis indicates that the survey sample included auditors, heads of audit teams, managers of audited entities, and experts involved in auditing and budget management. The sample structure adequately reflects the key stakeholder groups participating in or affected by performance auditing, thereby ensuring objectivity in evaluating the

research factors.

Observed variables were developed based on theoretical foundations and qualitative findings presented in Chapter 3. These variables were grouped into three levels: micro-level factors (audit process quality, quality of findings and recommendations, audit report quality, and post-audit follow-up); meso-level factors (capacity of the audit institution and characteristics of audited entities); and macro-level factors (institutional environment, transparency level, and inter-agency coordination mechanisms).

Reliability testing using Cronbach's Alpha indicated that all measurement scales achieved acceptable reliability levels, with appropriate item-total correlations and no variables removed at this stage. Exploratory Factor Analysis (EFA) demonstrated that observed variables converged according to the proposed theoretical structure, with satisfactory factor loadings and total variance explained at an acceptable level. These results confirm adequate convergent and discriminant validity of the measurement scales.

(1) Regression Analysis Results

Based on the identified factors, a regression model was employed to assess their impact on the dependent variable—namely, the outputs and impact of performance auditing in state budget expenditure. The regression results indicate that the model is statistically significant. The coefficient of determination shows that independent variables explain a substantial proportion of the variance in the dependent variable. Diagnostic tests for multicollinearity, residual distribution, and autocorrelation confirm that the regression assumptions are satisfied, allowing for reliable interpretation of results.

Micro-level factors, particularly the quality of the audit process, the quality of audit findings and recommendations, and the quality of audit reports, exhibit significant and positive effects on audit outcomes and

impact. This finding highlights that the organization and implementation of the audit itself play a decisive role in generating the value of performance auditing.

Meso-level factors, including the capacity of the audit institution and the characteristics of audited entities, also demonstrate statistically significant effects. Entities with sound management systems, higher levels of transparency, and cooperative attitudes are more likely to accept and implement audit recommendations, thereby enhancing audit impact.

Macro-level factors, such as the institutional environment and inter-agency coordination mechanisms, have comparatively weaker but still statistically significant effects. This reflects the nature of performance auditing in the public sector, where audit impact depends not only on the audit engagement itself but also on broader institutional and governance conditions.

(2) Discussion of Regression Results

The quantitative findings are consistent with the theoretical framework presented in Chapter 2 and the practical observations described in Chapter 3, confirming that the impact of performance auditing results from a chain of influence mechanisms shaped by multiple interacting factors.

First, regression results indicate that audit process-related factors exert the strongest influence on audit outcomes. This aligns with international auditing standards, which emphasize that audit quality fundamentally depends on the quality of audit design and execution, including appropriate topic selection, clear evaluation criteria, sufficient evidence collection, and persuasive reporting. These findings are also consistent with international studies highlighting the importance of audit report quality and the feasibility of recommendations.

Second, the characteristics of audited entities and the capacity of the audit institution significantly affect audit impact. This suggests that audit

impact is not solely a product of audit activities but also depends on the willingness and ability of audited entities to implement recommendations. This reinforces the perspective that performance auditing is an interactive and organizational learning process, in which impact materializes through behavioral and cognitive changes among stakeholders.

Third, although macro-level institutional factors exert a relatively smaller effect, they remain significant within the model. This underscores the importance of external conditions—such as legislative oversight mechanisms, legal frameworks, and transparency levels—in facilitating the implementation of audit recommendations. The findings are consistent with institutional approaches in public audit research, which argue that audit impact depends on the degree of support from governance systems and accountability frameworks.

Overall, the quantitative analysis provides empirical evidence supporting the research model and hypotheses, while clarifying the relative contributions of different factor groups in shaping the impact of performance auditing. These findings also help explain the limitations identified in Chapter 3, particularly those related to audit processes, resource constraints, and coordination mechanisms.

Chapter 5

ORIENTATIONS AND SOLUTIONS FOR IMPROVING PERFORMANCE AUDITING OF STATE BUDGET EXPENDITURES IN HO CHI MINH CITY

This chapter identifies development orientations and proposes solutions to improve performance auditing of state budget expenditures in Ho Chi Minh City in the context of increasing demands for public

financial management effectiveness and accountability. Based on the findings from the analysis of current practices and the empirical testing of influencing factors presented in previous chapters, the proposed orientations and solutions are developed through a systematic approach, ensuring logical coherence, feasibility, and consistency with practical conditions.

The necessity of further improving performance auditing is examined from multiple perspectives. Growing pressure to enhance budget efficiency, strengthen transparency and accountability, and manage the rapid socio-economic development of a special urban center such as Ho Chi Minh City has increased the complexity of public expenditure activities. In this context, performance auditing must move beyond detecting irregularities and instead focus on assessing the substantive efficiency and effectiveness of public resource utilization, thereby contributing to improved public governance and supporting evidence-based policymaking. At the same time, global trends in public auditing—particularly risk-based auditing, value-added assessment, and digital transformation—require innovation in audit methodologies and implementation approaches.

Accordingly, several guiding principles are established for the development of performance auditing. Audit activities should be closely aligned with the city's socio-economic development objectives and public financial management priorities; adhere to state audit standards while incorporating relevant international best practices; maintain independence, objectivity, and professionalism throughout the audit process; and emphasize preventive, advisory, and improvement-oriented functions rather than focusing solely on error detection. Strengthened coordination between the audit institution and relevant management authorities, as well as audited entities, is also identified as a critical condition for enhancing

the implementation rate of audit recommendations and overall audit impact.

The proposed solutions are structured into three major groups, corresponding to the factor groups influencing audit quality and impact identified through empirical research. The first group focuses on the audit institution itself, prioritizing the improvement of audit methodologies and procedures, enhancement of auditor capacity, expansion and quality improvement of performance audits, increased application of information technology, and strengthened follow-up mechanisms for audit recommendations. These measures aim to improve micro-level factors, including planning quality, audit techniques, the relevance and feasibility of findings and recommendations, and the effectiveness of post-audit monitoring.

The second group of solutions targets audited entities, emphasizing the strengthening of financial management systems, enhancement of accountability mechanisms, improved cooperation during audit engagements, and proactive implementation of audit recommendations. These measures are essential for increasing the capacity of audited entities to internalize and translate audit recommendations into substantive improvements in budget management and utilization.

The third group relates to the broader institutional and policy environment, including the refinement of the legal framework, improvement of inter-agency coordination mechanisms, assurance of adequate resources for audit activities, and increased awareness among stakeholders regarding the role of performance auditing. These solutions address meso- and macro-level factors, creating enabling conditions for performance auditing to achieve sustainable and long-term impact.

In addition to proposing solutions, the study identifies necessary implementation conditions, including sufficient human and financial

resources, an appropriate legal and coordination framework, and the awareness and consensus of relevant stakeholders. Meeting these conditions is decisive for ensuring the effective execution of the proposed solutions and for enhancing the overall quality and impact of performance auditing in practice.

Overall, the orientations and solutions are formulated through a close integration of theoretical foundations, empirical findings, and practical analysis, thereby establishing a coherent and feasible set of recommendations to improve the quality, effectiveness, and impact of performance auditing of state budget expenditures in Ho Chi Minh City in the coming period.

CONCLUSION

This dissertation has conducted a systematic and comprehensive study on performance auditing of state budget expenditures in Ho Chi Minh City, addressing theoretical foundations, practical implementation, empirical testing, and policy-oriented recommendations. Based on a review of existing literature, the study developed a theoretical framework for performance auditing grounded in public expenditure efficiency theory, public governance theory, agency theory, and research on audit impact in the public sector. It further proposed an impact-chain analytical framework and a research model identifying factors influencing the quality and outputs of performance auditing in the context of local budget expenditures.

Empirical findings indicate that performance auditing of state budget expenditures in Ho Chi Minh City has been progressively implemented and has achieved notable results. Audit engagements have contributed to identifying shortcomings in budget management and utilization, recommending financial adjustments, revising management mechanisms,

and enhancing transparency and accountability among budget-using entities. Through the analysis of specific audit cases, the dissertation demonstrates that performance auditing generates not only direct impacts through the implementation of recommendations but also indirect impacts by improving managerial awareness, refining procedures, and enhancing the effectiveness of budget governance.

Nevertheless, the study identifies several limitations in the organization and execution of performance auditing. In certain cases, the selection of audit topics and scope has been more oriented toward detecting irregularities than evaluating efficiency and policy impact. The development of criteria for assessing economy, efficiency, and effectiveness has not been fully standardized. Specialized expertise across sectors and methodological capabilities for performance evaluation remain uneven. Moreover, post-audit follow-up and impact assessment have not yet been conducted systematically. These constraints partially reduce the value-added potential of performance auditing in supporting policy improvement and enhancing public resource allocation efficiency.

Quantitative analysis and empirical testing confirm that several factors significantly influence the quality and outcomes of performance auditing, including the quality of audit planning and topic selection; audit methodologies and techniques; the quality of audit findings and recommendations; auditors' professional capacity; the level of cooperation of audited entities; and mechanisms for monitoring and implementing post-audit recommendations. These findings affirm that the effectiveness of performance auditing depends not only on the audit process itself but also on organizational, institutional, and governance-related conditions.

Based on the research results, the dissertation proposes a coherent system of solutions to improve performance auditing of state budget expenditures in Ho Chi Minh City. These solutions are structured into

three principal groups: measures directed at the State Audit Office to enhance audit procedures, strengthen capacity, and promote technological application; measures aimed at audited entities to improve financial management quality and implementation capacity; and institutional solutions to reinforce enforcement mechanisms, coordination, and accountability. The proposed recommendations are directly linked to empirically validated influencing factors, ensuring logical consistency and practical feasibility in implementation.

LIST OF PUBLISHED SCIENTIFIC WORKS

1. Quy, N. H., (2025), “Regulatory Space of Local Government Auditing: A Comparative Study of Public Sector Audit Systems in the United Kingdom, China, and Vietnam”, *Economics and Management Review*, (ISSN 1859-4565), No. 87 (November 2025), pp. 85–92.
2. Quy, N. H., (2025), “Analysis of factors influencing the effectiveness of performance audit and
3. policy implications for the State Audit Office of Vietnam”, *Vietnam Economic & Financial Review*, ISSN 3093-3390, Issue 2, No. 07 (December 2025), pp. 164–167.
4. Quy, N. H., (2025), “Solutions to Improve Performance Auditing of State Budget Expenditures in Vietnam,” *Economy And Forecast Review*, ISSN 1859-4972, No. 17 (September 2025), pp. 68–71.