

# The Current Situation of Cost Accounting and Costing for Higher Education Services at Training Institutions Under the Ministry of Finance of Vietnam

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## ABSTRACT

**Purpose:** This article surveys, analyzes, and evaluates the current practices of cost accounting and costing for higher education services at training institutions under the Ministry of Finance of Vietnam. Based on the findings, the study proposes scientific foundations to improve cost accounting practices and enhance financial management efficiency.

**Design/methodology/approach:** The research is conducted by systematizing theoretical issues related to cost accounting and costing in public higher education. The author carries out field surveys at several training institutions affiliated with the Ministry of Finance of Vietnam, focusing on key aspects such as an overview of training services, legal regulations, cost classification, identification of cost accounting objects, accounting methods, and the provision of information for management purposes.

**Findings:** The results indicate that cost accounting practices at these institutions still face many limitations: accounting methods lack consistency, and the information provided for management is insufficient.

**Conclusion:** This study serves as a valuable reference for policymakers and educational institutions in refining financial management mechanisms to better align with the realities of public higher education institutions under the Ministry of Finance of Vietnam.

**Keywords:** *Cost accounting, Current situation, Higher education, The ministry of finance of Vietnam, Training institutions, Service, Management.*

## 1. INTRODUCTION

Education and training have always been key factors in driving economic development and transforming the lives of millions of people. Among them, higher education plays a crucial role in providing high-quality human resources with solid ethical values, professional competence, creativity, and the ability to integrate internationally. The quality of training at higher education institutions has a significant impact on the quality of the national workforce. Therefore, higher education consistently receives special attention from both the State and society.

In the context of economic and social liberalization and integration, higher education faces considerable challenges and difficulties due to existing limitations, such as: the reluctance to recognize higher education as a type of service; the lack of clarity regarding the sharing of educational costs among stakeholders (the State, learners, and society as a whole); and financial and accounting policies that have yet to meet the requirements of university governance in the direction of autonomy.

Currently, the calculation of higher education service prices is not only a legal requirement but also an urgent need from higher education institutions themselves, due to increasing pressures for autonomy. To maintain sustainability, these institutions must enhance service quality and operational performance, in which determining costs and pricing is a critical factor. This need is even more pressing for training institutions under the Ministry of Finance of Vietnam, as they face intense competition both domestically and internationally.

This article, based on theoretical and legal foundations, surveys the actual situation of cost collection and pricing for higher education services at training institutions under the Ministry of Finance of Vietnam. The research aims to

clarify the current practices, identify limitations and their causes, and propose several solutions to improve the accounting of revenues, expenditures, and pricing for higher education services at these institutions.

## 2. LITERATURE REVIEW

Research on financial accounting perspectives has attracted considerable attention from many scholars. Notably, [Earl and Wilson \(2010\)](#) have conducted extensive studies on various aspects of operations within nonprofit public sector entities. Their work covers generally accepted accounting principles, guidelines for the recognition of events, preparation of financial statements, and analyses of operational specifics in sectors such as education, healthcare, and the armed forces ([Earl & Wilson, 2010](#)). Additionally, Ehsan Rayegan, Mehdi Parveizi, Kamran Nazari, and Mostafa Emami synthesized issues related to the implementation of accounting in public sector units, focusing on the organization of accounting practices based on two main principles: cash accounting and accrual accounting. They also proposed several expanded accounting principles aimed at enhancing accountability in the management of accounting practices related to economic and political obligations in public sector entities ([Rayegan, Parveizi, Nazari, & Emami, 2012](#)).

In Vietnam, studies on cost accounting and product/service costing have primarily focused on assessing current practices and proposing solutions to improve the organization of cost accounting and product costing in enterprises. Notable works include those by [Ngo \(2019\)](#) and [Luong \(2017\)](#)... Regarding the organization of accounting systems and accounting information systems, researchers such as [Nguyen \(2004\)](#); [Nguyen \(2012\)](#) and [To Hong \(2017\)](#)... have systematized and developed theoretical foundations for organizing accounting practices at public universities. Their studies analyze current practices, propose solutions to improve accounting organization and information systems, and recommend conditions required from both state management agencies and universities to ensure effective and synchronized implementation under Vietnam's new financial management context.

Research on management accounting in higher education institutions can be divided into two main groups:

Group 1: Studies on cost management accounting and influencing factors at higher education institutions. Scholars such as [Irena and Jacek \(2014\)](#) asserted that European higher education institutions are increasingly focused on cost reduction and aligning costs with the achievement of their strategic objectives. By analyzing experiences from universities in various countries (Australia, the Netherlands, Germany, Finland, Portugal, Sweden, the United Kingdom), they identified factors influencing the implementation of management accounting at higher education institutions, including: (1) economic factors; (2) top-down requirements; and (3) regulatory pressures related to management accounting standards.

[Mamontova and Novak \(2015\)](#) emphasized that introducing management accounting in higher education institutions requires four essential steps: (1) defining levels for introducing and implementing management accounting; (2) providing policies and methods for management accounting; (3) developing automated reporting information systems; and (4) identifying individuals responsible for collecting, analyzing, and processing management accounting information. These are considered fundamental steps in building a management accounting system applicable to all higher education institutions ([Mamontova & Novak, 2015](#)). In Vietnam, several researchers have also addressed this issue, such as [Pham \(2012\)](#); [Duong \(2007\)](#) and [Nguyen \(2012\)](#) among others.

Group 2: Studies on cost accounting methods, focusing primarily on Activity-Based Costing. These studies show that the Activity-Based Costing model helps organizations focus on improving activities that have the most significant impact on cost drivers ([Baird, Harrison, & Reeve, 2007](#); [Berger, Motte, & Parkin, 2010](#); [Drake, Haka, & Ravenscroft, 2001](#))... ([Lan & Dam, 2019](#); [Tran, 2017](#)) and others. It is evident that these studies have conducted in-depth research on applying cost accounting in university cost management, particularly the adoption of Activity-Based Costing in universities for managing financial resources and analyzing and calculating costs, regardless of whether the institutions are public or private.

Regarding financial management and tuition fees, [Joseph Berger, Motte, and Parkin \(2009\)](#) observed that rising tuition fees tend to reduce the enrollment of students from middle- and low-income families, while increasing the number of students from wealthier families in Canada. Higher tuition fees provide universities with better opportunities to enhance infrastructure and teaching quality. However, their study also emphasized that tuition increases should not exceed inflation rates. Affordability remains a significant issue, as many studies indicate that even when tuition increases are adjusted for inflation, low- and middle-income households may still struggle due to stagnant income levels and limited purchasing power ([Berger et al., 2010](#)). In Vietnam, [Nguyen \(2009\)](#) examined training costs and education service prices at higher education institutions. He proposed recommendations for

calculating the actual training costs per student (Nguyen, 2009). Pham (2012) focused on objectives such as determining the actual training costs for a Vietnamese university student, identifying reasonable training costs at different quality levels, and proposing tuition policies for undergraduate and graduate programs, excluding other non-standard programs. His research calculated student training costs from the university's perspective, excluding private expenses such as lost personal income, books, and learning materials (Pham, 2012).

### 3. RESEARCH METHODOLOGY

To conduct this study, the author employed the following research methods:

#### 1/ Survey and Interview Methods:

To gather relevant data and insights, the author utilized structured questionnaires and conducted direct interviews with chief accountants and accounting staff at higher education institutions under the Ministry of Finance of Vietnam. Depending on the situation, interviews were conducted either face-to-face or via phone, using a set of pre-designed questions included in the survey forms.

#### 2/ Statistical, Comparative Analysis, and Forecasting Methods:

After collecting data from the surveyed institutions, the author organized and synthesized the information. Statistical techniques, comparative analysis, and forecasting methods were then applied to evaluate the findings and identify practical issues that require attention. These methods enabled the author to draw conclusions and propose solutions aimed at improving cost accounting and pricing strategies for higher education services—particularly in the context of expanding financial autonomy among the institutions under the Ministry of Finance of Vietnam.

### 4. RESULTS AND DISCUSSION

#### 4.1. Current Situation of Cost Accounting and Service Costing in Public Higher Education Institutions under the Ministry of Finance of Vietnam

##### 4.1.1. Overview of Higher Education Institutions and Training Services at Public Higher Education Institutions under the Ministry Of Finance of Vietnam

##### a. Overview of Higher Education Institutions under the Ministry of Finance of Vietnam

According to the Prime Minister's approvals outlined in Decision No. 395/QĐ-TTg, Decision No. 722/QĐ-TTg, and Decision No. 1138/QĐ-TTg, the Ministry of Finance of Vietnam currently oversees four public higher education institutions. These include:

- 1/ The Academy of Finance;
- 2/ The University of Finance and Accountancy;
- 3/ The University of Finance and Business Administration;
- 4/ The University of Finance – Marketing

These institutions form an essential part of Vietnam's national education system. They play a crucial role in advancing education, enhancing public knowledge, and nurturing talent in the field of finance. Through their contributions, they support the country's goals of industrialization, modernization, and integration into the global economy. Each institution under the Ministry of Finance has its own unique history of establishment and development, contributing distinctively to the overall mission of higher education in Vietnam.

##### 4.1.1.1. Basic Common Characteristics

The public higher education institutions under the Ministry of Finance of Vietnam have the following basic characteristics.

- 1/ These institutions have a long historical background, established during the period of fiscal revenue reform and expenditure management (1961-1965) and after the country's reunification (1976-1980).
- 2/ The public higher education institutions have been regularly consolidated and developed in accordance with historical progression and practical requirements of the national financial system and the national education system.
- 3/ Their current organizational structure includes Councils, Boards of Rectors, various functional departments, as well as Party and mass organizations, each with clearly defined roles and responsibilities.
- 4/ The public higher education institutions are under the management of the Ministry of Finance of Vietnam, the Ministry of Education and Training of Vietnam, and local administrative authorities. These institutions offer diverse

training programs in finance, accounting, business administration, and have campuses distributed across all three regions of Vietnam.

5/ The public higher education institutions are categorized by their level of financial autonomy into two groups: those that are fully self-financed and those that are partially self-financed.

6/ The public higher education institutions under the Ministry of Finance of Vietnam are also classified by budget management levels, including Level I, Level II, and Level III budget estimate units.

**Table 1.** presents the organizational structure of public higher education institutions under the Ministry of Finance of Vietnam

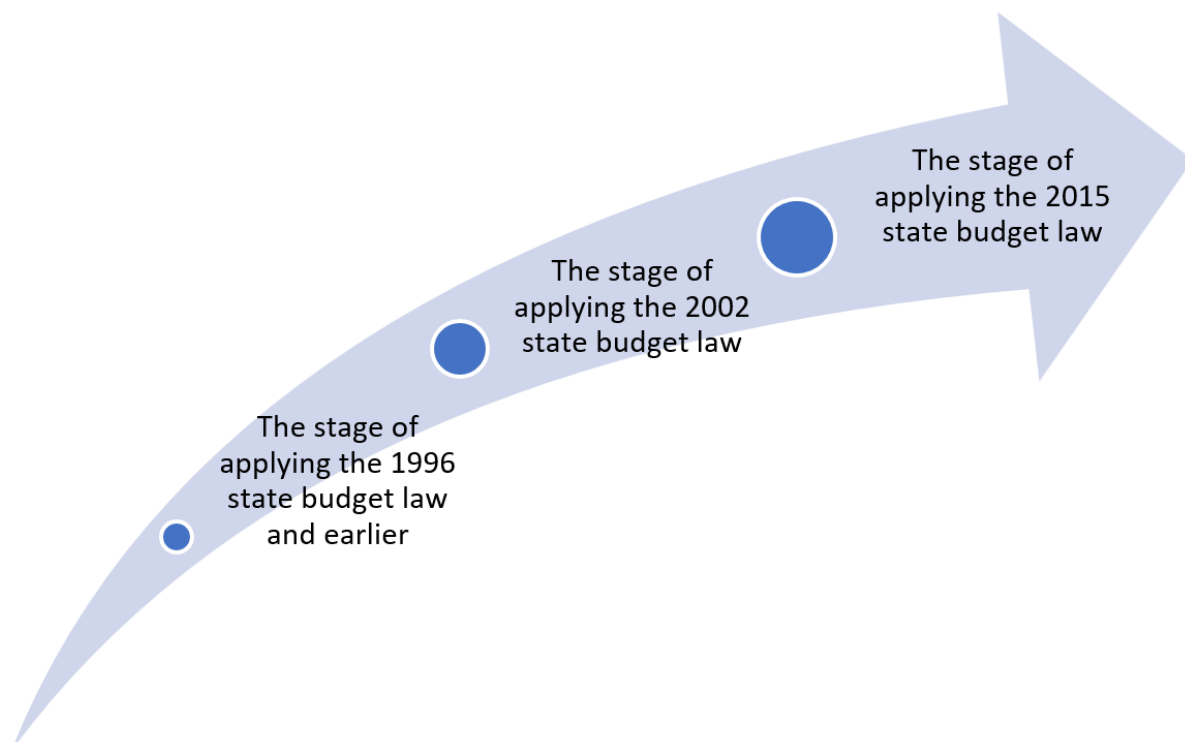
No.	Name of institution	Functional departments	Faculties	Service and training support units
1	Academy of finance	11	14	06
2	University of finance and business administration	08	08	06
3	University of finance and accountancy	09	08	03
4	University of finance -marketing	09	14	08

**Source:** Compiled by the author from the official websites of public universities affiliated to the ministry of finance.

#### 4.1.2. Overview of Higher Education Services at Public Higher Education Institutions under the Ministry of Finance of Vietnam

##### a. The Formation and Development Process of Public Higher Education Services at Institutions under the Ministry of Finance of Vietnam

The formation and development process of public higher education training services at public higher education institutions under the Ministry of Finance of Vietnam is also the process of establishing and developing public higher education services in the economic sector of Vietnam. This process is closely linked with the historical development of public non-business units in general and is divided into three stages, corresponding to the gradual enhancement of autonomy levels for these public non-business units.



**Figure 1.** Illustrates the formation and development process of public higher education services in the economic sector in Vietnam

Key characteristics in each development stage of public higher education services in the economic sector:

Before the implementation of the 1996 State Budget Law, public higher education services were considered pure public goods, with a limited number of training institutions. The State fully covered all training costs, and terms such as "services," "training costs," or "service costs" were not commonly used. Public training institutions mainly operated based on state budget allocations and carried out all three phases of the budget cycle.

With the 2002 State Budget Law No. 01/2002/QH11, public higher education services shifted from being considered "elite" to "mass" education. The growing demand for education led to the rapid development of training institutions, both public and non-public. Sharing the costs of higher education became essential as the state budget could no longer cover all expenditures.

During the implementation of the 2015 State Budget Law No. 83/2015/QH13, competition in the provision of public higher education services increased, along with the development of international joint training programs. However, the state budget still played a dominant role. Despite improvements in financial autonomy under Decree No. 16/2015/NĐ-CP, public training institutions remained dependent on state funding, and tuition fees continued to be regulated by legal frameworks.

#### *b. Training Objectives; Training Fields and Majors; Training Scale*

\* *Training Objectives:* As an integral part of the national education system in general and Vietnam's higher education system in particular, the public higher education institutions under the Ministry of Finance of Vietnam are established to provide training at various levels of higher education. Their objective is to educate and supply high-quality human resources with strong political and ethical qualities, solid knowledge, and practical skills in financial and economic management, marketing, and related fields. These competencies are aligned with their level of training and adaptable to the increasing socio-economic development demands of the country, with the ability to cooperate in professional activities at both domestic and international levels.

\* *Training Fields and Majors:* The public higher education institutions under the Ministry of Finance of Vietnam offer various fields and majors as follows: Academy of Finance currently offers 06 fields with 20 majors; University of Finance and Business Administration currently offers 05 fields with 09 majors; University of Finance and Accountancy currently offers 07 fields with 15 majors; University of Finance - Marketing currently offers 11 fields with 27 majors.

\* *Training Scale:* The training scale of public higher education institutions under the Ministry of Finance of Vietnam has shown fluctuations in recent years. Specifically, the number of undergraduate students was 32,568 in the academic year 2016-2017, decreasing to 31,543 students in 2017-2018, and increasing again to 34,508 students in 2018-2019. By the academic year 2018-2019, the total number of students, including undergraduates, postgraduates, and doctoral candidates, reached 36,140, of which undergraduate students accounted for 95.5%.

However, the training scale is heavily dependent on student enrollment activities, and the public higher education institutions still face challenges due to fierce competition from the labor market and other training institutions. Despite having certain advantages in terms of scale and geographical location, such as the Academy of Finance and the University of Finance - Marketing, other institutions like the University of Finance and Business Administration and the University of Finance and Accountancy are still facing difficulties in enrollment. During the 2016-2018 period, the enrollment rate for full-time undergraduate programs reached approximately 92% of the planned targets. However, this figure remained lower than expected, mainly due to financial and accounting management factors.

#### *4.1.3. Organization and Management of Higher Education Services at Public Higher Education Institutions under the Ministry of Finance of Vietnam*

According to survey results, the public higher education institutions under the Ministry of Finance of Vietnam offer a variety of services, in which higher education services constitute their core activity. In addition to undergraduate and postgraduate training, these institutions also provide professional development programs, scientific research services, and other supplementary activities. However, the quality and quantity of these services primarily depend on the core training activities. For instance, research groups and short-term professional development programs typically utilize the teaching staff from the undergraduate programs.

Training activities are categorized into different programs and forms of education, such as transfer programs, part-time study, and second-degree programs.

Based on the survey results and organizational structure, the public higher education institutions have designated specific management units for service provision, such as the Training Management Department and the Scientific Research Management Department. For undergraduate education, faculties are responsible for managing students according to the education level, training program, and field of study. However, the actual delivery of training services is carried out by the academic departments within each faculty.

#### *4.1.4. Characteristics of Economic Sector Higher Education Services and Their Impact on Cost Accounting and Costing for Higher Education Services at Public Higher Education Institutions under the Ministry of Finance of Vietnam*

The public higher education institutions under the Ministry of Finance of Vietnam primarily provide higher education services in the economic sector, which belongs to the social sciences. Students in economic fields are equipped with knowledge related to the production, distribution, management, and consumption of goods and services. Higher education services in the economic sector have several distinctive characteristics: standardized training durations and programs, large class sizes compared to fundamental sciences, and generally lower training costs than those in basic sciences or medical and pharmaceutical fields.

These characteristics significantly influence the determination of costs and pricing for higher education services. Due to the uniformity of foundational and supplementary knowledge systems, it is feasible to calculate unit costs for fundamental courses across different majors. However, the similarity of training programs across majors makes it challenging to allocate costs accurately to specific cost objects such as majors, classes, or individual students.

#### *4.2. Current Situation of Cost Accounting and Costing for Higher Education Services at Public Higher Education Institutions under the Ministry of Finance of Vietnam*

##### *4.2.1. Legal Regulations on Cost Accounting and Costing for Public Higher Education Services*

During the period 2018–2020, public higher education institutions under the Ministry of Finance of Vietnam followed the Accounting Law 2015 and the Governmental and Public Sector Accounting Regime under Circular 107. However, these regulations did not provide detailed guidelines on cost accounting and service pricing for public sector entities. Decree 16 introduced a roadmap for determining the cost of public services funded by the state budget: by 2016, labor costs and direct costs had to be fully accounted for; by 2018, management costs were included; and by 2020, depreciation of fixed assets was added. The decree also required that public service sectors develop specific regulations on autonomy mechanisms, but as of 2021, the Ministry of Education and Training of Vietnam (MOET) had yet to issue a dedicated decree for higher education institutions.

Nevertheless, MOET issued Circular 14/2019/TT-BGD&ĐT, which provided guidance on establishing economic-technical norms and pricing methods for education and training services. This circular enabled public higher education institutions to determine costs and set tuition fees based on clear principles and formulas.

Education and Training Service Price = Labor Costs + Material Costs + Management Costs + Depreciation/Fixed Asset Wear and Tear (Investment Accumulation) + Other Costs and Funds.

The circular elaborates on each cost component and includes appendices with examples of cost estimation for a standard undergraduate class.

Specifically, the components of service pricing under Circular 14 include.

(1) Labor Costs: Expenses for salaries, wages, and allowances for teachers, lecturers, administrators, and other staff directly involved in education services. This also includes social insurance, health insurance, unemployment insurance, trade union fees, and other legally required payments.

Labor Costs = Workload Norms × Wage Unit Price or Compensation.

Workload Norms = Direct workload (teaching, supervising practical training, guiding theses, dissertations, etc.) + Indirect workload (administration, support, etc.).

Wage Unit Price follows current labor laws, and compensation expenses are based on labor contracts or collective labor agreements.

(2) Material Costs: Expenses for teaching materials, office supplies, utilities, consumables, and other supplies necessary for education services. Consumption norms are determined based on economic-technical standards or



institutional regulations in the absence of government-set norms. Material costs include VAT and are determined based on standard quality requirements.

(3) Management Costs: Includes expenses for admission processes, outsourced services for administrative activities, costs for technical documentation, and other general management expenses. Total management costs must not exceed 10% of total service pricing components and must be explicitly detailed in each institution's internal expenditure regulations.

(4) Depreciation or Fixed Asset Wear and Tear: Covers depreciation of buildings, infrastructure, machinery, and other fixed assets used in educational activities. These costs are calculated according to Ministry of Finance regulations and incorporated into service pricing based on approved timelines.

(5) Other Costs: Includes license taxes, land rental fees, and other administrative charges.

The provisions in Circular 14 establish a clear legal foundation for determining costs and pricing education services. However, despite its structured and detailed approach, the costing method prescribed in Circular 14 is more aligned with financial and budgetary management rather than practical accounting standards. This explains why many higher education institutions have yet to publicly disclose service pricing results in accordance with Circular 14.

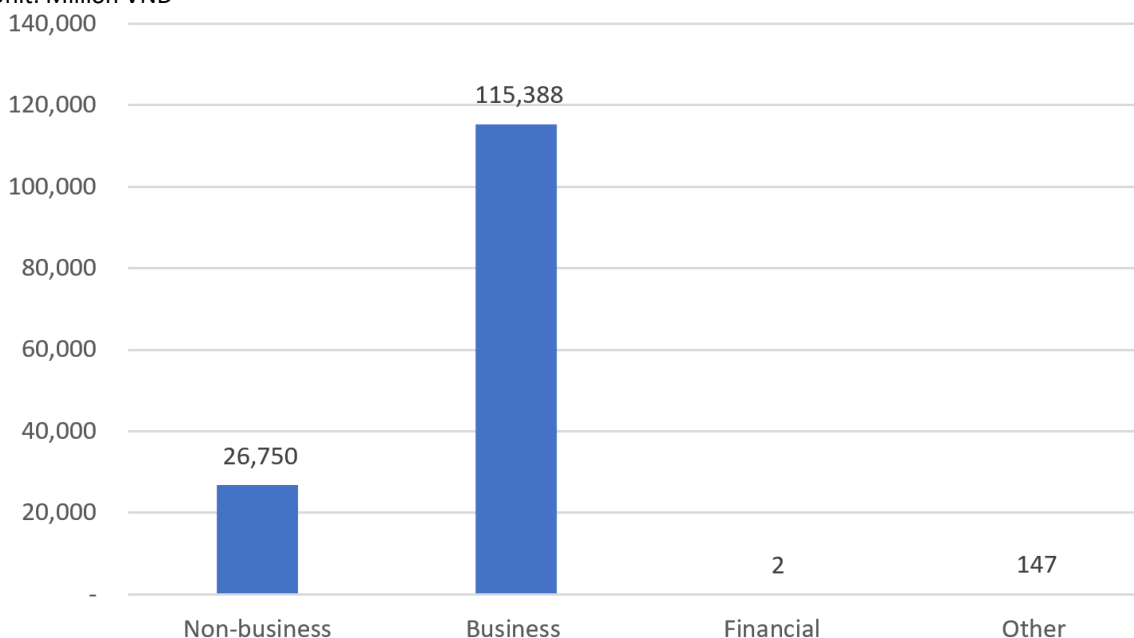
#### 4.2.2. Current Status of Cost Classification and Pricing of Higher Education Services

##### a. Current Status of Cost Classification in Higher Education Services

According to the consolidated survey reports, public higher education institutions under the Ministry of Finance incur a variety of costs in the course of their operations. These costs are classified according to different criteria.

Figure 2 illustrates the data evidencing the classification of costs by type of activity at public higher education institutions under the Ministry of Finance during the period 2018–2019. Other classification criteria are presented in the appendix of the settlement approval notices for public higher education institutions issued by the Ministry of Finance.

Unit: Million VND



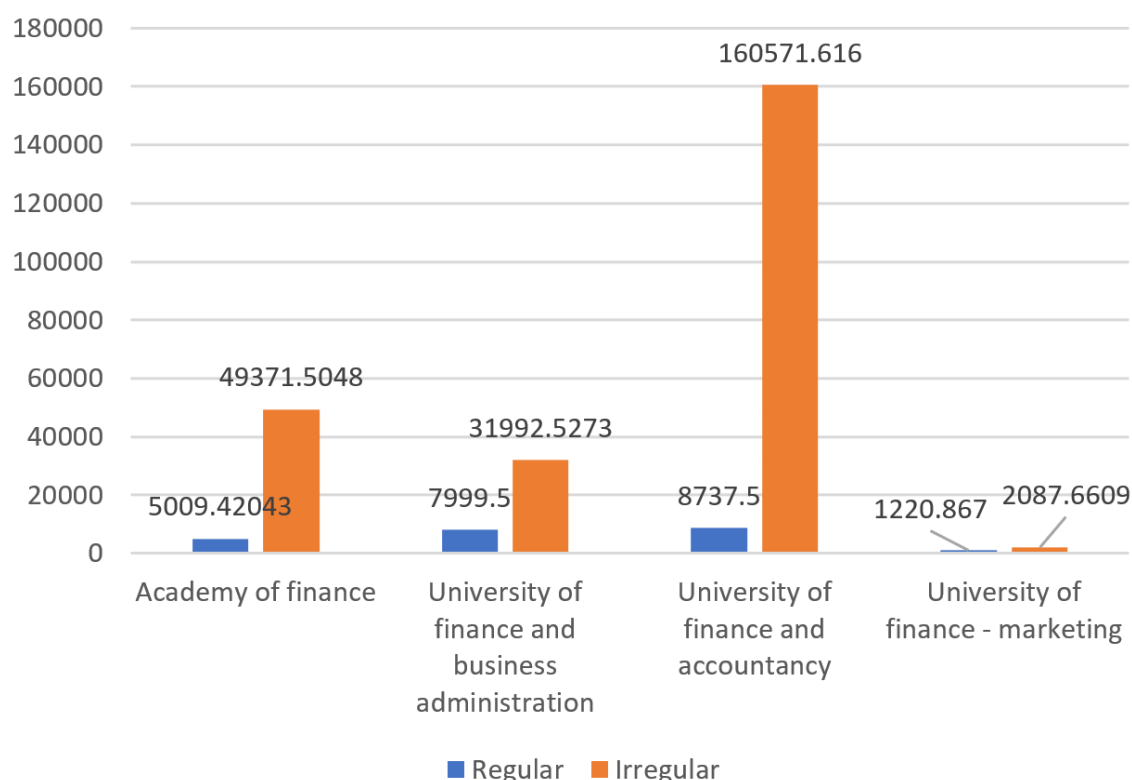
**Figure 2.** The average costs of public higher education institutions under the ministry of finance of Vietnam by type of activity in the period 2018 - 2019.

Based on the cost data classified by type of activity, it can be observed that among the public higher education institutions under the Ministry of Finance, non-business activities and business activities account for the majority of total costs, while financial activities and other activities make up only a very small proportion. For example, in 2018, the University of Finance and Business Administration and the University of Finance - Marketing did not generate any revenue or incur any expenses from financial activities or other activities. The University of Finance - Marketing primarily carried out two activities: non-business activities and business activities, in which the expenses for non-

business activities funded by the state budget were minimal (Approximately VND 692 million). This aligns with the university's status as a self-financing unit, fully covering its own costs.

Since higher education services have been regulated under the Law on Prices and are no longer considered fees and charges, higher education services provided by these public higher education institutions are classified as business activities. Therefore, the costs associated with providing higher education services are also classified as business activity expenses.

Based on input accounting documents, the accounting departments at the public HEIs under the Ministry of Finance classify higher education service costs as follows.



**Figure 3** illustrates the average costs financed by the state budget allocated to public universities under the Ministry of Finance in the period 2018–2019

#### \* Classification of Costs by Funding Sources

In order to provide higher education services, public higher education institutions under the Ministry of Finance of Vietnam mobilize resources from various funding sources and classify higher education service costs accordingly. These cost categories include: 1/ Costs funded by the State Budget; 2/ Costs funded by revenues from higher education services; 3/ Costs funded by other sources.

During the period from 2018 to 2019, the main sources of funding for these higher education institutions were revenues from business activities (Primarily tuition fees) and allocations from the State Budget.

According to the nature of the expenses, the costs associated with higher education services at these public higher education institutions under the Ministry of Finance are divided into regular (recurring) and irregular (non-recurring) expenses. The proportion of regular and irregular expenses varies depending on the characteristics and operational situation of each higher education institutions This classification helps meet the management requirements for State Budget -funded expenses at these higher education institutions.

In summary, State Budget funding allocated to public higher education institutions under the Ministry of Finance during the 2018 - 2019 period was mainly used for non-recurring activities. The largest portion went to the University of Finance and Accountancy, which was implementing an expansion investment project during 2017 - 2019, as part of the medium-term public investment plan for 2016 - 2020.



The State Budget-funded expenses (Including both regular and non-recurring costs) for the University of Finance - Marketing were very small, about VND 692 million in 2018. This is consistent with the operational characteristics of the university, as it was one of the first five higher education institutions piloting the reform of operational mechanisms for public higher education institutions under Resolution No. 77/NQ-CP dated October 24, 2014. The university fully self-finances both its investment and regular expenditures.

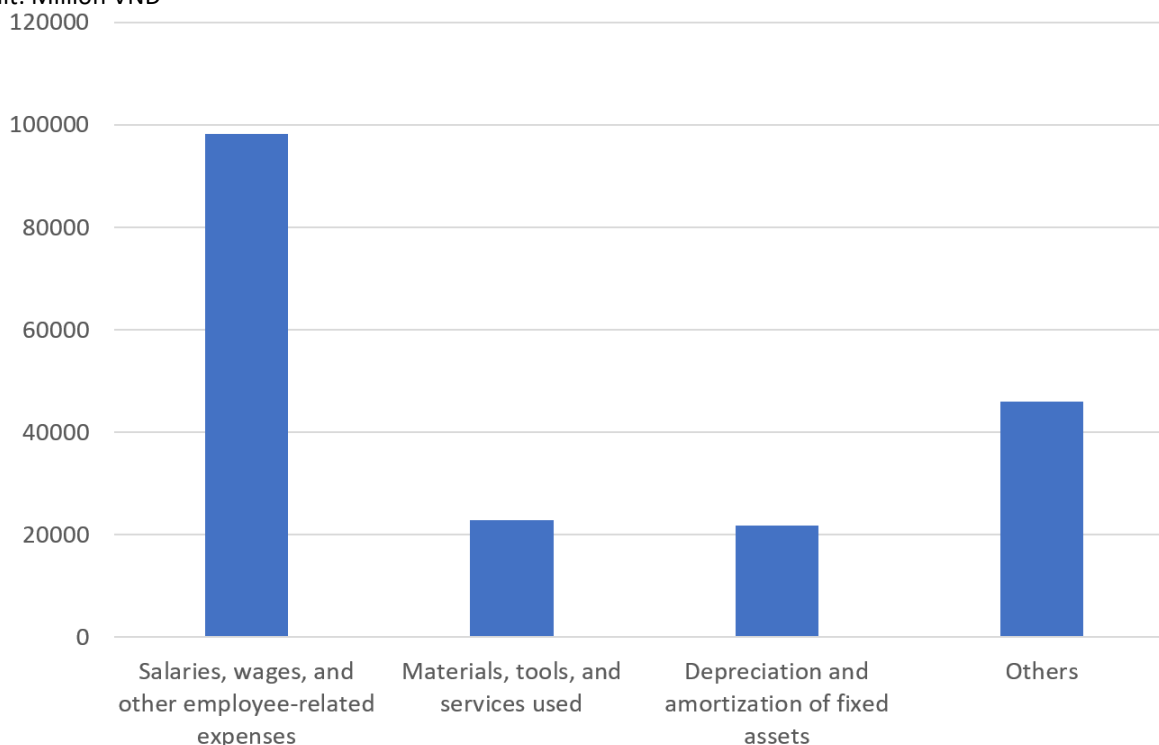
#### \* Cost Classification by Cost Elements

Under this classification method, the costs of higher education services include the following components: Labor costs and wages, as well as other related expenses for staff directly involved in delivering higher education services; materials, tools, and services costs used in providing higher education services; depreciation and amortization costs of fixed assets, representing the value of depreciation on assets such as computers, servers, and buildings utilized in educational service activities; other monetary expenses, which include all other cash expenses not mentioned above, directly related to the delivery of higher education services, such as marketing and advertising costs.

The classification of higher education services costs by cost elements serves the accounting requirements as stipulated in Circular No. 107/2017/TT-BTC. Currently, 100% of public higher education institutions under the Ministry of Finance are applying this cost classification method.

According to this method, the primary cost components of higher education services at public higher education institutions are labor costs, wages, and other expenses for staff. Depreciation and amortization of fixed assets account for a relatively small proportion of total costs.

Unit: Million VND



**Figure 4** illustrates the average costs of public higher education institutions under the Ministry of Finance of Vietnam by cost elements in the period 2018–2019

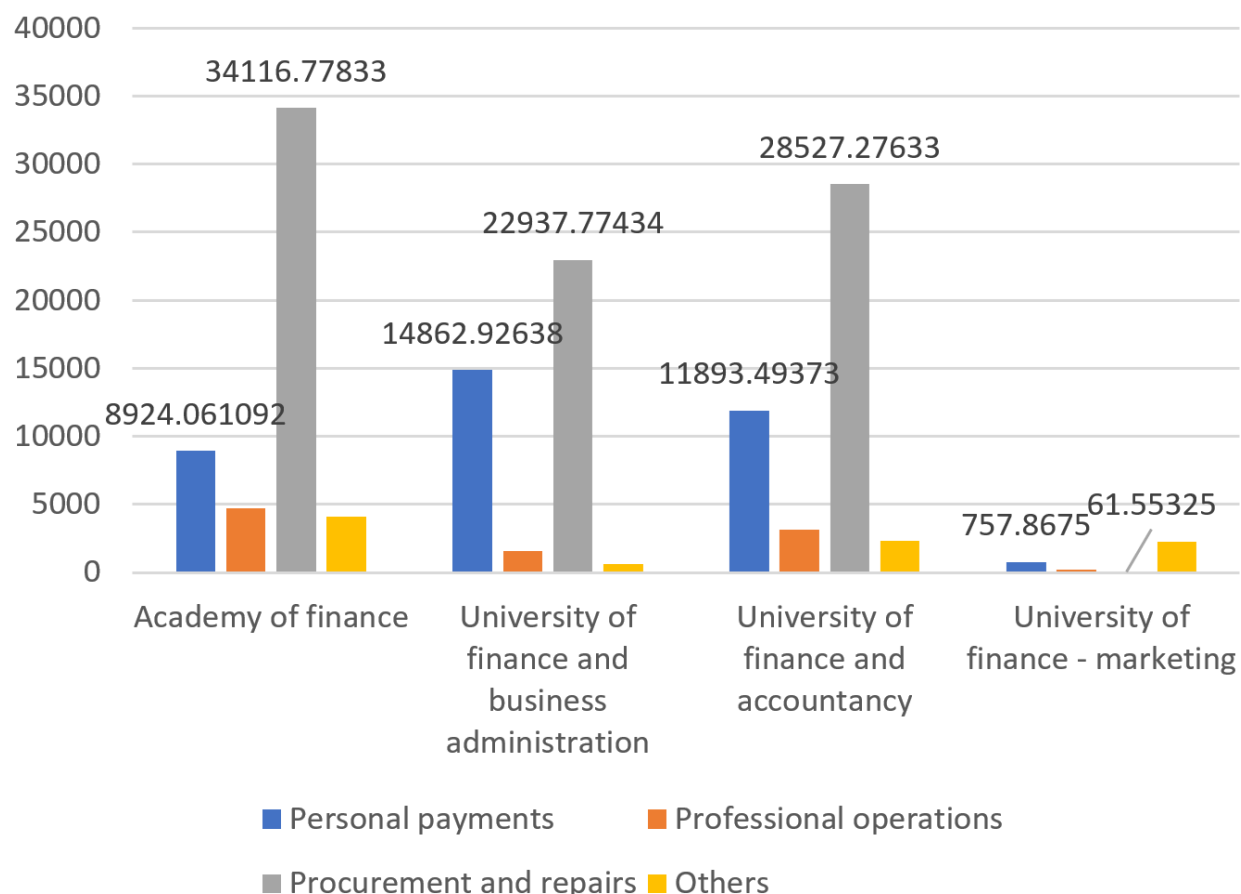
#### \* Cost Classification According to the State Budget Table

The classification of costs according to the state budget tables is designed to support the tracking and settlement of budget reports. Higher education service costs are categorized into the following major items: Personal payment expenses, including salaries, allowances, scholarships, bonuses, and welfare payments; professional operation expenses, such as public services (electricity and water), office supplies, business travel expenses, and fixed asset repair costs

related to education and training activities; procurement and repair expenses, covering expenditures for acquiring or repairing fixed assets, equipment, and facilities; other expenses, including costs for anniversaries, hospitality, unit funds, party organization activities, and employment support. This classification is primarily applied to expenditures funded by the state budget, serving the purpose of budget management and reporting.

The average costs of public higher education institutions under the Ministry of Finance, classified according to the state budget tables, for the period 2018 - 2019, are illustrated in Figure 5.

Unit: Million VND



**Figure 5** illustrates the average costs of public higher education institutions under the Ministry of Finance of Vietnam by state budget tables, period 2018–2019.

The data from Figure 5 shows that, during the period 2018 - 2019, the State Budget was primarily allocated to investing in the development of infrastructure and facilities for public higher education institutions. This investment aligns with the trend of fostering institutional development and enhancing the level of autonomy among these institutions.

Although there are various cost classification methods applied to higher education service activities, these classifications are not mutually exclusive and are often used in parallel. Regardless of whether funding sources come from the State Budget or other financial sources, higher education service costs typically include expenditures related to human resources, professional operations, regular and irregular (Non-recurring) expenses.

However, the current cost classification methods are mainly designed to serve financial management and accounting requirements in accordance with the regulations stipulated under the Public Sector Accounting Regime (as per the Governmental Accounting Standards). These classifications have not yet been adapted to support costing activities or management accounting for more effective service pricing and institutional management.

#### *b. Current Status of Cost Classification for Higher Education Services*

According to the theoretical framework of costing for higher education services, there are various methods of classification, such as full costing and variable costing. However, based on the survey results, 100% of public higher education institutions under the Ministry of Finance of Vietnam have not yet determined the service costs of higher education programs, and this concept remains relatively new to these institutions.

The classification of service costs for higher education has not been mandated in reports submitted to regulatory authorities or in the accounting reports of these institutions. Although Circular 107/2017/TT-BTC requires the preparation of reports on costs, revenues, and operational results, it does not stipulate any specific regulations regarding the costing of higher education services.

As a result, the public higher education institutions are not obligated to calculate the cost of services or to provide related information in their reports.

#### *4.2.3. Current Situation of Identifying Cost Accumulation Objects and Calculating the Cost of Higher Education Services*

##### *a. Current Status of Identifying Cost Accumulation Objects for Higher Education Services*

Currently, 100% of public higher education institutions under the Ministry of Finance of Vietnam comply with the regulations outlined in the public sector accounting regime, as specified in Circular 107/2017/TT-BTC, along with other relevant accounting and state budget management regulations. In line with these regulations, public higher education institutions determine cost accumulation objects for higher education services using the following methods:

- **Based on Budget Estimates**

Public higher education institutions that receive state budget funding are required to develop budgets based on approved estimates. These budgets serve as the basis for accumulating the costs of higher education services, which include salaries, allowances, and travel expenses. For autonomous public higher education institutions that utilize state budget funding, the financial plan replaces the state budget estimate for controlling costs. However, using budget estimates only reflects the costs funded by the state budget and does not capture the full costs of providing higher education services.

- **Based on the State Budget Table**

At public higher education institutions that utilize state budget funding are required public higher education institutions that utilize state budget funding are required that use state budget funds, the State Budget table is used to accumulate the costs of higher education services due to its simplicity and convenience in inspection and reporting. For example: Lecturer salaries are accounted for in Sub-category 0129; electricity expenses are recorded under Sub-category 0130. However, the State Budget table only accumulates direct costs and does not adequately reflect indirect costs or those related to multiple activities. The use of State Budget table provides information limited to state budget expenditures, and therefore does not accurately reflect the service cost of higher education, particularly as state budget contributions decrease.

- **Based on Accounting Objects Defined by Accounts**

All public higher education institutions under the Ministry of Finance of Vietnam are currently applying this method by using accounts prescribed in Circular 107 as cost accumulation objects. Specifically, incurred costs are categorized and recorded in the following accounts.

Account 154 – Work-in-progress production and service costs.

This account aggregates production and service provision costs, including those for higher education services, such as teaching materials (Chalk, ink), lecturer remuneration, and related expenses such as exam invigilation and grading.

Account 611 – Operating expenses.

Reflects expenses incurred for higher education activities under the approved budget estimates, including salaries, wages, materials, tools, services, depreciation of fixed assets, and other related training expenses.

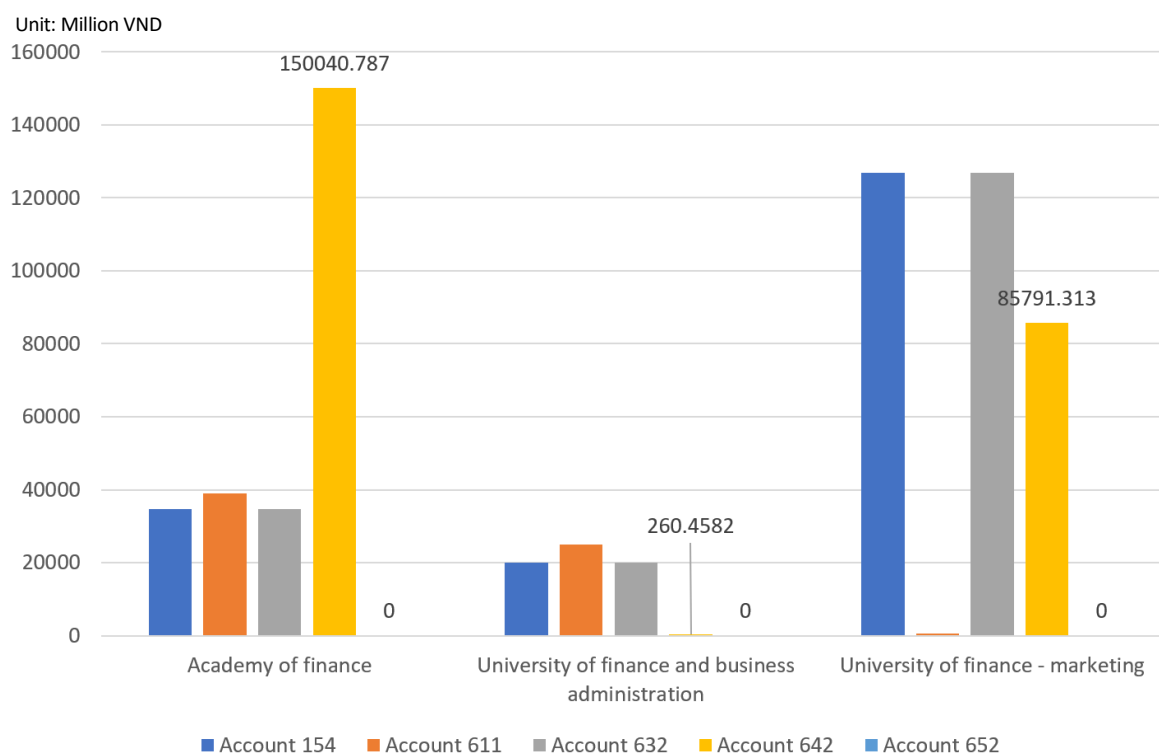
Account 642 – General administration expenses.

Records administrative costs, such as management salaries, insurance, office expenses, electricity, water, and other costs not directly attributable to any specific product or service. However, public higher education

institutions under the Ministry of Finance of Vietnam also use this account to accumulate all other training-related costs not classified under Account 154 or 611, such as reward payments and support for PhD candidates.

**Account 652 – Costs not yet assigned to a specific cost object.**

Serves as an intermediate account, used to accumulate costs whose final cost object has not yet been identified. At the end of the period, these costs are allocated to appropriate accounts. In 2018, however, the public higher education institutions did not incur any transactions requiring the use of this account.



**Figure 6** presents the higher education costs at public higher education institutions under the Ministry of Finance of Vietnam.

Survey results indicate that, aside from the Academy of Finance (which identifies separate costs for two subordinate budgetary units), 100% of public higher education institutions under the Ministry of Finance of Vietnam accumulate costs at the institution-wide level. Incurred expenses are recorded in the corresponding cost accounts (Accounts 611, 154, 642) and classified according to the State Budget table if required, without distinguishing between higher education services and other services.

In particular, at the University of Finance - Marketing, most of the incurred costs are recorded as costs for the production and provision of higher education services, as non-business activities account for an insignificant proportion of operations.

The accumulation of costs at the institution-wide level, by budget estimates, by the State Budget table, or according to the actual performance in cost accounts, reflects a combination of the aforementioned methods. However, Public Higher Education Institutions under the Ministry of Finance of Vietnam currently accumulate costs only to meet the requirements of the public sector accounting regime (Circular 107/2017/TT-BTC) and state budget management, without serving the objective of calculating the cost of higher education services.

#### *b. Current Status of Determining Costing Objects for Higher Education Services*

Cost accounting and cost determination for higher education services at public higher education institutions under the Ministry of Finance of Vietnam are still in the implementation phase, and no final results have been officially published.

Although public higher education institutions have already accumulated costs according to the public sector accounting regime, they have not yet identified specific costing objects.

Reports on costs and service costs of higher education, such as costing cards or costing reports, have not yet been developed.

Nevertheless, public higher education institutions have sufficient capacity to calculate the service cost of higher education.

#### *4.2.4. Current Status of Cost Accounting Methods and Costing Methods*

##### *a. Current Status of Cost Accounting Methods*

In theory, there are two (02) primary cost accounting methods: Direct accumulation: costs that are directly related to a specific cost object are recorded directly. Indirect allocation: costs that relate to multiple cost accumulation objects are collected and allocated at the end of the period to specific cost objects according to appropriate allocation criteria.

However, since public higher education institutions under the Ministry of Finance of Vietnam determine the cost accumulation object as the entire institution, costs incurred are recorded collectively for the entire institution.

This means there is no task of allocating indirect costs as part of the accounting duties.

##### *b. Current Status of Costing Methods*

Cost accounting and costing are two interconnected processes within the accounting system. The results of cost accounting form the basis for calculating costs.

During the period 2018 - 2019, public higher education institutions under the Ministry of Finance of Vietnam accounted for costs according to the public sector accounting regime but did not clearly identify costing objects.

They only used cost accounts (154, 611, 642, 652) to record general expenses for the entire institution and produced reports in accordance with Circular 107, without preparing specific reports on the costs and service costs of higher education.

The lack of distinction between public service expenditures and the business activities of providing higher education services has resulted in distorted outcomes.

For example, personnel expenses funded by the state budget, such as staff salaries, are recorded in Account 611, which affects the assessment of operational performance.

Moreover, the failure to allocate direct/indirect costs or fixed/variable costs poses significant challenges in accurately determining the service cost of higher education.

#### *4.2.5. Current Status of Collecting, Processing, Systematizing, and Providing Cost Accounting and Costing Information for Higher Education Services*

##### *a. Current Status of the Cost Accounting and Costing Process for Higher Education Services*

- *Current Status of the Cost Accounting Process*

Compared to the theoretical cost accounting process, the actual process implemented at public higher education institutions under the Ministry of Finance of Vietnam during the period 2018–2019 was significantly simplified. This simplification is primarily due to the fact that 100% of these institutions identified the entire institution as a single cost accumulation object

Specifically, the cost accounting tasks at public higher education institutions under the Ministry of Finance include.

Step 1: Accumulate actual costs incurred for the entire institution based on the information recorded in the original accounting documents.

Step 2: Record cost accounting data using appropriate accounting tools such as accounts and accounting books.

Step 3: Prepare cost reports based on the collected cost data, following the content and report templates stipulated in Circular 107/2017/TT-BTC.

In addition, the results of the cost reporting step are often oversimplified, typically consisting of the Statement of Performance (Form B02/BCTC), which presents the costs of business and service activities in general. These reports do not reflect detailed costs classified by types of products and services (e.g., educational vs. non-educational services, or by different levels/types of education programs, etc.).

##### *\* Current Status of the Costing Process*

Compared to the theoretical costing process, during the period 2018–2019, the actual costing process for higher education services at public higher education institutions under the Ministry of Finance of Vietnam consisted of zero steps. In other words, no institution implemented a formal calculation of higher education service costs during this

period. Notably, they omitted even the initial step—identifying costing objects and costing periods. The closest activity related to cost calculation was the determination of total costs, which was carried out by summing the balances recorded in the group of cost-related accounts (specifically, Accounts 154, 611, and 642).

*b. Current Status of Collecting Cost Accounting and Costing Information for Higher Education Services (via Accounting Documents)*

Accounting documents serve as evidence to prove the occurrence of financial and economic transactions and ensure the accurate, timely, and reasonable recording of costs and service costs. Public higher education institutions under the Ministry of Finance of Vietnam have established a fairly scientific system of accounting documents to collect financial information as a basis for accounting entries. However, the system of documents serving cost accounting and costing for higher education services still contains limitations.

Specifically: Public higher education institutions apply the public sector accounting regime according to Circular 107, using 04 mandatory accounting document templates and 34 guided templates. In addition, other documents such as invoices and summary tables are also used for accounting purposes. The service costs of higher education mainly consist of direct labor costs and overhead costs. Therefore, accounting documents related to these costs are mainly those concerning labor expenses, salaries, and depreciation/amortization of fixed assets, etc.

*c. Current Status of Processing, Systematizing, and Providing Cost Accounting and Costing Information for Higher Education Services*

- *Accounting Accounts*

Based on the survey results, it can be concluded that public higher education institutions under the Ministry of Finance comply with the provisions of Circular 107 in applying the accounting account system in general, and cost accounting for higher education services in particular.

Given their operational characteristics—such as still receiving significant funding from the state budget and not clearly identifying the cost-bearing objects and costing objects for higher education services—these institutions typically use the following accounts to accumulate costs and calculate service costs for higher education.

**Table 2** presents the list of accounts used in cost accounting and costing for higher education training services at public higher education institutions under the Ministry of Finance of Vietnam

No.	Account code	Account name
1	154	Work-in-progress production and service costs
2	611	Operating expenses
3	632	Cost of goods sold
4	642	General administration expenses
5	652	Costs not yet assigned to a specific cost object

Account 154 – Work-in-progress production and service costs: This account reflects the accumulated costs of production and services in progress, including costs related to undergraduate education and training services for each academic level/program. These costs comprise materials such as chalk and ink, lecturers’ remuneration, examination supervision and grading fees, as well as depreciation of fixed assets (FA) used for educational purposes.

Account 611 – Operating expenses: This account is used to record both regular and irregular expenditures related to higher education training services. These include salaries and wages, materials, tools, services used, depreciation of fixed assets, and other educational operating expenses.

Account 642 – General administration expenses: In accordance with Circular 107, this account reflects administrative expenses such as salaries and insurance contributions for management staff, office supplies, utilities (electricity, water), telephone costs, and other expenses not directly attributable to a specific product or service. At public universities specializing in economics under the Ministry of Finance, this account is also used to summarize expenses not allocated to accounts 154 or 611, such as bonuses, scholarships for research fellows, honorariums for delegates, and living allowances for international students.

Account 652 – Costs not yet assigned to cost objects: This is an interim account for accumulating costs that have not yet been clearly assigned to specific cost objects. At the end of the period, accountants will allocate these costs to the relevant accounts. During the 2018-2019 period, public universities under the Ministry of Finance did not incur expenses under this account.



Account 632 – Cost of goods sold: This account reflects the cost of services that have been completed and delivered to the buyer. Educational institutions record the cost of goods sold at the end of the accounting period, with different units applying varying accounting period options.

#### *4.3. Assessment of the Current Situation in Cost Accounting and Costing for Higher Education Training Services at Public Higher Education Institutions under the Ministry of Finance of Vietnam*

##### *4.3.1. Achievements*

The 2018–2020 period marked significant progress in cost accounting and service pricing, particularly in higher education training services at public higher education institutions under the Ministry of Finance of Vietnam. Compared to previous periods, this era witnessed notable results in cost accounting and service pricing for higher education training.

First, the policy framework for pricing public services has been improved. Since the adoption of Resolution No. 29-NQ/TW of the Central Executive Committee of the Communist Party of Vietnam in 2013 on fundamental and comprehensive innovation in education and training, several legal documents—such as Decree No. 16/2015/ND-CP dated February 14, 2015 of the Government of Vietnam and Circular No. 14/2019/TT-BGDDT dated August 30, 2019 issued by the Ministry of Education and Training of Vietnam—have been issued to support financial and accounting activities in training institutions. These documents not only set forth new requirements but also provide detailed guidance on financial mechanisms for educational institutions, enhancing the quality of training services.

Second, the administrative and public service accounting regime under Circular 107/2017 has significantly improved the cost and pricing accounting system for higher education training services. Compared to previous regulations, Circular 107/2017 provides clearer rules on accounting vouchers, accounts, and ledgers, thus facilitating the recording of costs and pricing of training services. The detailed design of accounts enables a clear distinction between costs, cost of goods sold, and operating results, meeting financial management requirements at educational institutions.

Third, public higher education institutions have proactively established independent accounting departments and utilized the Ministry of Finance’s accounting software. This has made it easier to inspect and reconcile data. The software system supports educational institutions in preparing detailed reports to their governing agencies, contributing to improved financial management efficiency.

Fourth, educational institutions have proactively established cost norms for each training activity. These norms are based on financial capabilities and State regulations, ensuring a transparent and public expenditure management system. The cost norms not only facilitate implementation by lecturers and staff but also enable more effective oversight by authorities.

In general, the 2018–2020 period saw significant progress in cost accounting and costing for higher education training services at public higher education institutions under the Ministry of Finance. New policies, improved accounting regulations, and proactive cost norm development have laid a solid foundation for enhancing financial management at these institutions.

##### *4.3.2. Existing Limitations*

Based on survey results, several limitations were identified in the following areas: Identifying and classifying costs; Determining cost objects and pricing objects; Applying cost and pricing accounting methods (Limitations in cost accounting methods and pricing accounting methods); Developing and implementing cost and pricing accounting procedures; Collecting, processing, systematizing, and providing cost and pricing accounting information; Preparing cost estimates and analyzing cost fluctuations; Analyzing and using information for cost management; Identifying educational products; Establishing conversion coefficients as a basis for determining costs and pricing training services.

##### *4.3.3. Causes of Limitations*

The causes of these limitations include: Inadequacies in financial and accounting management mechanisms; Lack of clarity in information needs for cost and pricing accounting in university training services; The marginal role of management accounting; Inappropriate accounting techniques.

## **5. CONCLUSION**

This report presents a comprehensive overview of the current state of cost accounting and costing practices for higher education training services at public higher education institutions under the Ministry of Finance of Vietnam

during the period from 2018 to the first quarter of 2020 (with a primary focus on 2018–2019). It is based on a practical survey of accounting activities conducted at these institutions and covers key components of cost accounting and pricing, including: identifying and classifying costs and prices; determining cost objects and pricing objects; applying cost and pricing accounting methods; collecting, processing, and systematizing cost-related data; and providing and utilizing accounting information for management purposes. This serves as a foundation for assessing the current practices, recognizing achievements, identifying limitations, and analyzing the root causes in cost accounting and costing for higher education services at these institutions.

## FUNDING

This research is supported by the Academy of Finance, Vietnam.

## INSTITUTIONAL REVIEW BOARD STATEMENT

The Ethical Committee of the Academy of Finance, Vietnam has granted approval for this study in 2021.

## TRANSPARENCY

The author confirms that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

## ARTICLE HISTORY

Received: 24 March 2025/ Revised: 14 April 2025/ Accepted: 10 June 2025/ Published: 16 June April 2025

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