



REVIEW

Adapt to the New Height of Audit Status, and Deepen Audit Reform

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ABSTRACT

The Central Audit Committee held its first meeting. Comrade Xi Jinping, on behalf of the Central Committee, raised China's new era audit work to a new height, and put forward new requirements and new directions for China's audit system reform, which indicates that China's audit work will usher in a new historical stage. How to adapt to the new height of China's audit work, and strengthen the deepening reform of China's audit system is an urgent task facing auditors.

1. The New Height of China's Audit Status

Before the reform and opening up, China's planned economy with a highly unified human and financial assets had almost no audit work. After the reform and opening up, in order to adapt to the expansion of the independent management rights of enterprises under the conditions of market economy, the audit work was begun to carry out and implement, and China's audit system and audit institutions were built. Due to limitations on the understanding of audit work, the initial stage of audit development is limited to the audit of the company's financial situation. As the content of the audit continued to expand, the audit work gradually extended to the public institutions and all departments that use financial funds.

However, many people only think that auditing is only a financial management tool, and it is only a kind of management method for funds or property that monitors the truthfulness, legality and effectiveness of fund revenue

and expenditure.

At the first meeting of the Central Audit Committee held on May 23, 2018, Comrade Xi Jinping made a statement on behalf of the Central Committee that, the audit work has the function of promoting the prohibition of the party Central Committee, safeguarding the national economic security, promoting comprehensive and deepening reform, promoting the rule of law, and promoting the building of a clean government. It is an important part of the Communist Party of China and the Chinese supervision system, which marks that China's audit work, will enter a new historical stage.^[1]

The Central Audit Committee's new orientation of China's audit work is based on the practice of China's political and economic construction since the reform and opening up, as well as the new requirements of China's social and economic development in the new era. China's audit work will now examine the microfinance of an enterprise or institution and extend it to the entire macro-national

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economy; from pure management to the fields of people's livelihood, social development, and clean government; from partial economic issues to the overall situation of the Communist Party of China's ruling style and China's strategy of governing the country. China's auditors have a long way to go and will be competent to escort China's economic and social development in auditing supervision.

On the one hand, the practice of reform and opening up for forty years strongly suggests that the principle of governing the country centered on economic construction must be matched by a powerful supervision system. Audit work is an "immune system" that has the function of preventing, revealing and resisting in this powerful supervision system. Without this "immune system", or if the "immune system" is not powerful, it will breed tumors and endanger the health.

On the other hand, with the continuous development of China's social economy, China's economy is getting bigger and bigger, and the social and economic phenomena are becoming more and more varied. As China's international status and economic strength continue to increase, the political and economic uncertainties it faces are also increasing, which requires us to enhance the flexibility of timely, flexible and changeable, and to match this need to enhance audit supervision.

In line with the central government's new height and new requirements for auditing, the intensity and breadth of China's auditing supervision must be strengthened. The first is to strengthen the intensity of auditing and monitoring, to take strong medicine to treat the severe illness, to rectify the chaos, and to achieve the "strong audit" requirements of the central government to "be as audited as possible, the audit must be strict, and take accountability Serious"; the second is to achieve full coverage of the audit. Full coverage must eliminate the blind area of audit and supervision, and conduct a comprehensive audit of public funds, state-owned assets, state-owned resources, and leading cadres to fulfill their economic responsibilities. Not only the full coverage of all departments within the scope of the original audit, but also the full coverage of all departments, fields, and related personnel related to the use of funds, and the full coverage of the entire process from fund budget and approval to use, so as to ensure that audit supervision does not leave blanks and dead ends. Only in this way can the audit work not only ensure the effective use of funds for enterprises and institutions, but also the safety of the entire national economy. Moreover, it can play an important role in "guaranteeing the implementation of major national decision-making arrangements," "tracking and auditing the implementation of major policy measures of the Party Central Commit-

tee", and "promoting comprehensive deepening of reforms and promoting law-based governance of the country."

2. Strengthen the Deepening Reform of the Audit System

In line with the new functions and requirements of China's audit work; it is necessary to strengthen the deepening reform of the audit system. The reform of the audit system involves many aspects such as system, mechanism, organization, personnel, etc. The key must be made more in line with China's national conditions and the nature, laws and characteristics of auditing.

2.1 Strengthen the Leadership of the Communist Party of China on Auditing

Adhering to the socialist ideology with Chinese characteristics in the new era as the guide, comprehensively implement the spirit of the Communist Party of China's 19th National Congress is the general requirement of the audit work conference for audit work, and is also the general principle for deepening audit reform. Strengthening the leadership of the Communist Party of China on auditing at all levels is a fundamental reform of the audit system. Different from the West, first, the main body and foundation of China's audit object is the socialist public economy, and the second is the socialist market economy implemented by China. The country's regulation of the market is not only stronger than the West, but also needs to conform to the overall direction of the socialist economy. China's auditing system is different from the United States' subordinate to Congress, and it is different from some similar judicial structures in Europe, and has its own distinctive characteristics.

The Communist Party of China is the core force that leads our cause. As an important part of the Communist Party of China and China's supervisory system, we cannot leave the absolute leadership of the Communist Party of China.^[2]

Firstly, the establishment of the Central Audit Committee is the final implementation of the audit leadership of the Communist Party of China. The Central Audit Committee is positioned at the decision-making and deliberation body of the Central Party's central audit work. The specific functions are "to steer the direction, seek the overall situation, set policies, and promote reforms", which mainly provides political guidance, top-level design, institutional policies, and coordination and other major auditing policies for audit work. The leadership and management of specific audit work is the responsibility of the State Council Audit Office.

Secondly, local auditing units at all levels must obey

the leadership of the higher-level auditing units. On the other hand, through the political responsibility of the Communist Party of China at all levels of the auditing organization, the Communist Party of China is responsible for the auditing work.

Thirdly, enterprises, enterprises and social organizations, on the one hand, all audits involving relevant parts of state funds, audited by state auditing agencies or auditing agencies entrusted by state auditing agencies, and accepted by the auditing organs at all levels; on the other hand, the internal audit work of enterprises and institutions, audit institutions at all levels have the responsibility and obligation to guide and supervise their work. Among the state-owned enterprises and institutions, the party organizations have the power to implement the line, principles, and policies of the Communist Party of China, to ensure supervision of the implementation of the line, principles, and policies of the Communist Party of China and to participate in major issues. Large state-owned enterprises are directly dispatched by the SASAC to the audit supervision team, which also reflects the leadership of the Communist Party of China in auditing supervision.

2.2 Restrict Power by Right

China's audit work has not been effective enough for quite a long time, and even the audit supervision is ineffective for combating corruption and promoting honesty. Even if the audit department requires the auditee to provide relevant information, there will be intentional obstacles and delays. There is only one reason: the right of audit department is not big enough, strictly speaking, the power of the auditee is greater than the audit department. Auditing is not just a formal examination of financial processing and its accounting, but a compliant, legal, and effective review of the funds and property use of those who are entitled to the accounts. If the audit encounters a non-compliant and illegal user, it may conflict with the auditor, and the outcome will be the winner of big power, which will result in the failure of the audit project. Because the audit is under the supervision of the same body, the auditor is administratively obeyed by the auditee, and it is difficult to form the authority and deterrent of the audit supervision. The only way is to separate the auditing organization from the previous responsible body and give independence to the authority. Even internal audits should not become subordinate organizations of the operating entities. For example, the auditing departments of enterprises and institutions should not become subordinates of management leadership, but should be the institutions under the leadership of party committee or the board of directors with the participation of party committee.

3. Put All the Measures for Audit Reform into Practice

3.1 Implement "Audit Integration" to Achieve National Unified Management of Audit Work

After the basic system of auditing is clarified, the implementation of the national unified management of audit work is solved. Firstly, it is necessary to strengthen the leadership of the higher-level auditing organs to the lower-level auditing organs, and highlight the independence of the auditing; secondly, it is necessary to merge the individual audit functions of various government departments into the audit department to form a joint force for audit work; thirdly strengthen the guidance and supervision of the internal audit work, and incorporate the internal audit of the basic unit into the National unified management of audit work; fourthly, mobilize the power of social auditing, and encourage some of the social auditing specialization, and enhance the level of auditing supervision and specialization.

3.2 Take the Intensive Point of Capital and Wealth as the Entry Point for Reform

The essence of the audit work is to audit and supervise the financial power. The financial powers that operate irregularly are often concentrated in funds and financial power. Large sums of money, such as major projects, key projects, and key people's livelihood; Decision-making procedures for the advance and final accounts of the use of funds; Leading cadres with large capital decisions... should be the targets of audit coverage and audit reform.

3.3 Improve Audit Effectiveness, with Science and Technology "Strong Audit" as the Main Path

Strengthening the intensity of auditing will inevitably increase the input of manpower and financial resources. However, it is necessary to improve audit effectiveness and take science and technology innovation as the main path to achieve the goal of reducing audit costs and strengthening auditing.

Firstly, through auditing scientific innovation, constantly innovate the auditing concept, and deeply understanding and summarizing the laws and characteristics of various risks and hidden dangers in economic and social operations; secondly, use the latest technology to achieve innovation in auditing methods. That is to make full use of the Internet, big data technology, construction of data systems and digital auditing platforms, to achieve new forms of auditing, such as big data analysis of audit data, synchronization of financial operations and audit supervision.

3.4 Strengthen the Construction of Auditing Talents and Improve the Quality of Auditors

In order to adapt to the new functions and requirements of China's audit work, auditors should not only be familiar with economic management knowledge such as financial management principles, accounting principles, auditing standards, but also familiar with practical aspects such as engineering technology; not only can the auditors evaluate the error correction, but also provide consulting and services in terms of management functions from the perspective of capital operation.^[3]

At present, most of the audit staff is transferred to financial positions, and the knowledge is too focused on financial accounting. In order to meet the needs of the new situation, we must expand the knowledge of competent positions and improve our business capabilities and standards. Encourage auditors to increase their knowledge of economic management, law, and engineering through on-the-job learning. Consciously supplement young people with legal and engineering backgrounds to enter the audit team, and hire social experts to serve as part-time auditors according to the characteristics of different projects.

3.5 Strengthen Self-construction of Audit Institutions

Follow the requirements of the central authorities to strengthen the construction of the auditing institutions

itself, "establishing the spirit of auditing, establishing a career with innovation and standardization, and building Integrity with self-construction." The auditors must strengthen their convictions and consciously fulfill the political requirements of "administering the party's political responsibility for the party" and keep consistent with the central government's policy. Not afraid of evil, not afraid of pressure, standing in the spirit of auditing, has a high sense of responsibility and dedication to the maintenance of state funds and property; Connect with the reality, keep pace with the times, keep learning, and establishing a career with innovation and standardization; With the requirements of "firm belief, professional proficiency, pragmatic and practical, and upright and honest", do a good job in building a team of professional auditors.

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