

Economic Responsibility Audit of Leading Cadres of the Party and Government at the Grassroots Level – Existing Problems and Countermeasures

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Abstract: Economic responsibility audit is an important part of the socialist audit supervision system with Chinese characteristics. It is an important responsibility of audit institutions at all levels to carry out economic responsibility audit. This article conducts a comprehensive and profound analysis of the problems existing in the current grassroots economic responsibility audit work. In addition, countermeasures and suggestions are proposed in this article, which are of positive significance to promote the economic responsibility audit work of leading cadres.

Keywords: Economic responsibility audit; Leading cadres at the grassroots level; Problems; Countermeasures and suggestions

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1. Introduction

In recent years, the top-level design of audit supervision has been strengthened. In October 2014, the Fourth Plenary Session of the 18th CPC (Communist Party of China) Central Committee explicitly regarded audit as one of the “eight supervision systems.” In March 2018, the Central Committee established an audit committee to strengthen the party’s leadership over audit work. In order to adapt to the new situation and improve the economic responsibility audit system, in July 2019, both the general office of the CPC Central Committee and the State Council revised the regulations on the economic responsibility audit of the main leading cadres of the party and government as well as the main leading personnel of state-owned enterprises and institutions (hereinafter referred to as the regulations), in which the scope and depth of audit supervision continued to expand. Focusing on the economic responsibility of leading cadres, the new regulations did not only strengthen the restriction and supervision on the operation of power, but also implement the requirement of “three distinctions,” which is of great significance to strengthen the supervision and management of leading cadres, promote leading cadres to perform their duties and act responsibly, as well as ensure the order and prohibition of the Central Committee. Party committees, governments, and audit institutions at all levels have been paying much more attention to the economic responsibility audit of leading cadres and have made significant achievements. However, the current situation of the economic responsibility audit is still unable to meet the requirements as there are existing problems in its development at the grassroots level audit institutions, thus more emphasis is required for improvement.

2. Existing problems in the economic responsibility audit of the leading cadres at the grassroots level

2.1. Poor overall audit quality

First, the content is not comprehensive. Part of the economic responsibility audit projects only remain at

the level of financial revenue and expenditure audit, the compliance and legitimacy of economic activities, the party's and national economic policies, the formulation, implementation, and effect of important development plans and policies as well as measures in the region and the unit, in addition to the implementation effect of major economic issues decision-making. Ecological civilization construction projects are basically not involved, and the responsible audit project has become part of the financial revenue and expenditure audit project. Second, the investigation and handling of problems are not thorough; thus, it is easily interrupted. Majority of the problems include unused business card settlement, incomplete bookkeeping voucher attachments, long-term accounts of current accounts, and false invoices. The reasons for all these are due to inadequate thorough investigations of the authenticity of expenditures along with more accounts and less in-depth recognition of the issues. Third, the definition of responsibility is not standardized. Some of the reports do not describe the reasons for determining the responsibility, but directly decide on the responsibility itself ^[1].

2.2. Non-standardized project management

First, the planning is not standardized. In the absence of medium and long-term economic responsibility audit plan, the principle of audit is generally adhered to before leaving but the audited objects are not classified, in addition that average effort is not made. Some county party committee leaders misinterpret the full coverage of economic responsibility audit, and even request audit institutions to conduct economic responsibility audit on all units once a year, which is utterly divorced from reality. When the plan had been formulated, the opinions of the discipline inspection and supervision departments at the same level were not solicited, and the plan was not formulated in combination with the petition situation of the discipline inspection and supervision departments. Second, there is a poor concept of timeliness. Due to the limitation of audit power, grassroots audit institutions mainly carry out budget implementation and special audits in the first half of the year, whereas the economic responsibility audit is generally arranged in the second half of the year. As a result, several economic responsibility audit projects have left their posts for more than one year. This kind of delay easily causes the audited leading cadres and units to believe that it is simply a formality and of little significance.

2.3. Inaccurate audit evaluation

First, some audit evaluations go beyond the scope of the economic responsibility audit of leading cadres; either too macro or too broad. Second, some audit evaluations are equivalent to the audit evaluation of financial revenue and expenditure, which does not highlight the evaluation of the economic responsibility of the audited leading cadres. Third, some audit evaluations use realistic methods to describe, in which they lack use value and aggravate the difficulty for relevant departments to use the audit results. They do not only weaken the role of economic responsibility audit, but also fail to attract adequate attention from the audited leading cadres, which directly affects the audit quality.

2.4. Inadequate utilization of audit results

At present, the economic responsibility audit has achieved some results but the relevant departments in the transformation and utilization of audit results are inadequate, thus to a certain extent, resulting in the idle and waste of audit results. From the current situation, it is often reported to the organization department and other relevant units that the task is basically completed in addition that the relevant accountability system is not established.

2.5. Imperfect joint conference system

Judging from the current situation, although most counties and districts have established the joint conference system, most of them do not perform their duties properly, the relevant units do not fully understand the main functions of the joint conference, both the coordination and cooperation mechanism of the member units are flawed, the duty performance is insufficient, and there is a lack of in-depth research and analysis on the substantive, emerging, and tendentious problems. There is no corresponding system for supervision, implementation, and accountability of audit rectification, resulting in the same problems repeatedly.

3. Causes of the existing problems

3.1. System and mechanism

“Audit before leaving” is the ideal state of the economic responsibility audit work but due to the reasons of system and mechanism as well as the limitation of audit power, at present, the grassroots counties and districts still focus on leaving audit, which makes the audit department more passive in carrying out the work. First, the investigation and handling of the problem is delayed. If it is necessary to investigate the economic responsibility of leading cadres, the audit department shall report to the party committee, government, organization, discipline inspection, and other departments. The relevant departments are afraid that the leading cadres are transferred, promoted, or reused, in which they have to deal with it again. This is tantamount to negating their decision to arrange the use of cadres, resulting in the failure of the economic responsibility audit of leading cadres. Second, new officials from some units would disregard the old accounts, do not actively rectify the problems, and go through the motions perfunctorily ^[2].

3.2. Limited impact of the audit results on cadres

Some counties and districts do not pay enough attention to the audit results. The number of problems found in the audit, even if the leading cadres rectify the problems or whether the rectification is in place, will not affect the promotion, retention, or adjustment of their political status, nor will they be held responsible for their failure to perform their duties, resulting in the role of economic responsibility audit not being fully played. Many problems that have been repeatedly investigated and committed are difficult to be fully recognized and thoroughly eradicated by the audited units and leading cadres. The limited use of audit results weakens the restriction and supervision effect of the economic responsibility audit power.

3.3. Flawed evaluation system and standard

Economic responsibility audit evaluation has strong pertinence and purpose with high risk and is mainly to evaluate the performance of leading cadres. However, due to the lack of a perfect evaluation index system and standard, the evaluation of economic responsibility audit depends on the professional judgment of auditors to a certain extent along with certain subjectivity, which affects the accuracy of audit evaluation.

3.4. Imbalance between audit task and audit power

There are nearly 100 departments and units in counties and districts that should be included in the scope of the economic responsibility audit according to the law. Some grassroots audit institutions have more than 20 staff members but only a dozen of them are really engaged in audit business. They should complete the follow-up audit of the implementation of budgets as well as other financial revenues and expenditures at the corresponding level, major policies and measures, and of government investment projects. It is mandatory to undertake all kinds of supervision and inspection tasks assigned by the local government,

cooperate with superior audit institutions, patrol, and other work, as well as transfer personnel. The use of personnel is limited, and at times, personnel from intermediary agencies are employed. In this way, the audit quality is not guaranteed, and the audit funds are also tight.

3.5. Auditors lack skills and are backward

Some auditors are unable to fully adapt to the new normal and requirements of audit. They still remain in the field of checking and correcting mistakes as well as discussing accounts and matters on the basis of accounts. They do not move out of the circle of financial revenue and expenditure audit, and they are responsible for the implementation of the party's and the state's economic policies, natural resources and assets, ecological and environmental protection, etc. The first person responsible for the construction of the party's style and clean government is emphasized enough. Several auditors from grassroots level audit institutions are too old, and their theoretical level as well as professional skills are mediocre. This leads to a low overall audit quality of leading cadres' economic responsibility audit and the problems are not thoroughly investigated along with inadequate audit strength.

4. Countermeasures and suggestions to strengthen economic responsibility audit

4.1. Strengthening the organization and leadership as well as establishing and improving the joint conference system

Audit institutions at all levels should actively promote the implementation of the new regulations and strive for the support of the local party committees and governments. The director of the audit committee office should earnestly perform the functions of a convener in the joint conference, give full play to the role of the joint conference, supervise and inspect the economic responsibility audit work, as well as coordinate and solve problems in the economic responsibility audit work ^[3].

4.2. Strengthening plan management and carrying out the “two plans” in auditing

There is a need to conscientiously implement the requirement of “focusing on auditing during the term of the office” in the regulations of the State Affairs Office of the CPC Central Committee and increase the proportion of auditing during the term of the office. According to the needs of cadre management and supervision as well as the actual situation of audit resources, the classified management of audit objects should be implemented along with scientifically formulating the medium and long-term plan of economic responsibility audit as well as the annual audit project plan. It is important to strengthen the overall integration of economic responsibility audit projects and other projects, scientifically allocate audit resources, innovate audit organization and management, promote the application of new technologies, such as big data, actively explore the mode of inspection and audit linkage, establish and improve the mechanism of audit information and results sharing, realize the concept of “multiple items, multiple results, and multiple uses of one result,” improve the overall efficiency of audit supervision, as well as alleviate the problems of insufficient personnel and cost in the contradiction of heavy tasks.

4.3. Strengthening the use of audit results as well as innovating the forms and platforms for the use of audit results

Party committees and governments at all levels should establish and improve the system of economic responsibility audit notification in utilizing the results along with its accountability, rectification implementation, and result announcement while using the results of economic responsibility audit and rectification as important references for the assessment, appointment and removal, as well as reward and

punishment of audited leading cadres. The member units of the joint conference and the relevant competent departments should make good use of the audit results within their respective responsibilities as well as incorporate the audit results and rectification into the contents of the inspection and assessment of the responsibility system in order to form the party's style and clean government of the leading group of the unit as an important part of the democratic concept of the leading group and the accountability of its members.

4.4. Strengthening the evaluation system as well as standardizing the identification and evaluation of audit responsibility

The objective evaluation and accurate definition of the economic responsibility of leading cadres are directly related to the political life of the audited leading cadres. The policy is strong. The organization, personnel, discipline inspection and supervision, audit, and other departments should work together to examine and formulate the standards in defining the norms of economic responsibility and audit evaluation so as to improve the accuracy of economic responsibility audit evaluation.

4.5. Strengthening the self-construction of audit institutions and improving the quality of audit projects

Facing new situations, new tasks, and new requirements, it is urgent for audit institutions to strengthen their own construction. It is necessary to closely integrate with the audit practice, solidly perform in learning and training, enhance the ability of audit according to the law, comprehensively improve the audit quality and level, as well as strive to form high-quality professional audit cadre teams with firm beliefs, proficient in business, pragmatic, honest, and clean.

Disclosure statement

The author declares that there is no conflict of interest.

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