

Research on Economic Responsibility Audit and Corruption Governance

Yulin Hao

Northwest University of Political Science and Law, Xi'an 710000, China

742657002@qq.com

Abstract

At present, China is in a critical period of social transformation, the economy and society have entered a stage of rapid development, and corruption is becoming increasingly rampant, which seriously hinders the improvement of the level of economic development. The Anti-corruption work is imperative. As a unique audit method in China, economic responsibility audit plays a vital role in the Anti-corruption work by exposing and punishing the economic crimes and major violations of discipline of leading cadres. However, in the current situation, due to its own limitations, economic responsibility audit has not played its due role in corruption governance. If we want the economic responsibility audit to really play the function of preventing and controlling corruption, we must improve the economic responsibility audit mechanism.

Keywords

Economic Responsibility Audit; Corruption Governance; Issues; Research.

1. Introduction

Today, with the diversified development of society, the contradiction between economic growth and corruption is becoming increasingly prominent. Corruption has increasingly become a stumbling block to the all-round development of society, especially economic development. Anti corruption work has become the top priority of China's current political and economic construction, and Anti-corruption work is imperative. As a unique way of audit accountability in China, economic responsibility audit is closely related to the increasingly normalized corruption governance. Economic responsibility audit is intrinsically related to the Anti-corruption work in terms of object, content and means. First of all, the two are aimed at the same object, which are the main leading cadres of the Party and government and the main leaders of state-owned enterprises and institutions; Secondly, economic responsibility audit and corruption governance are common in content; Finally, economic responsibility audit can also provide three mechanisms for the governance of corruption: pre prevention, in-process supervision and post punishment, which plays an important role in the governance of corruption. In the existing literature, many scholars have studied the contents of the fields related to economic responsibility audit and corruption governance. Starting from the internal correlation between the two, this paper attempts to explore some methods and ways of corruption governance by improving the economic responsibility audit mechanism, hoping to provide some specific references for the actual audit work.

2. The Definition of Economic Responsibility Audit and Corruption and the Consequences of Corruption

2.1. Economic Responsibility Audit

The broad economic responsibility audit includes all audits. In a narrow sense, economic responsibility audit refers to an audit activity in China in recent years aimed at clarifying the operation and management responsibilities of leaders of state organs, state-owned enterprises and institutions, which is commonly called term economic responsibility audit or leaving office audit.

2.2. Corruption

In a broad sense, corruption refers to the right variation phenomenon that the actor abuses his power or deviates from public duties for his special interests. In a narrow sense, corruption generally refers to the abuse of the rights given by the people by national public officials in order to seek their personal special interests and obtain improper personal interests by taking advantage of their positions.

2.3. Consequences of Corruption

The consequences of corruption can be defined from two subjects: one is for corrupt individuals, and the other is for the state. Corruption will not only make the main leading cadres of the Party and government and the main leaders of state-owned enterprises and institutions bear the crimes of corruption, bribery, misappropriation of public funds and the crime of unidentified sources of huge amounts of property, but also seriously erode the basic interests of the state and the people, cause a large loss of China's state-owned assets, affect social stability and lead to the deterioration of social atmosphere, and eventually lead to social degradation.

3. The Internal Correlation between Economic Responsibility Audit and Corruption Governance

3.1. Economic Responsibility Audit and Anti-corruption Work have the Same Object

The object of economic responsibility audit has expanded from enterprise factory directors (managers) in the early stage of development in the 1980s to Party and government leading cadres below the county level in the mid-1990s (Taking Heze area of Shandong Province as the pilot), to leading cadres of Party and government organs at the prefecture and department level on January 1, 2005, and now to Party and government leading cadres at the township level to the provincial and ministerial level and leaders of state-owned enterprises and institutions. The essence of corruption is that the owner of public power uses his position to seek illegitimate private interests. The "owner of public power" mentioned here is the object of economic responsibility audit mentioned earlier, that is, Party and government leading cadres and leaders of state-owned enterprises and institutions. These people are also the key objects of Anti-corruption in recent years.

3.2. Economic Responsibility Audit and Anti-corruption Work Qre Common in Content

The essence of economic responsibility audit is to comprehensively evaluate whether the economic decisions made by the audited leading cadres during their term of office are legal and compliant, whether the relevant management activities are carried out in accordance with the regulations, and how well the economic responsibility is fulfilled. The economic responsibility referred to here includes direct responsibility, supervisor responsibility and leadership responsibility in form, and economic responsibility, administrative responsibility and integrity

responsibility in content. The core of Anti-corruption work is to pay attention to and monitor whether the owners of public power have fulfilled their responsibilities correctly and whether there is any breach of privilege to seek personal gain.

3.3. The Good Operation of Economic Responsibility Audit Mechanism Can Prevent the Occurrence of Corruption

As a unique way of audit accountability in China, the significance of economic responsibility audit is to prevent and control corruption in advance to some extent. Through the disclosure, handling and punishment of the discovered corrupt acts, the leading cadres will be warned, their consciousness of exercising power and performing their duties according to law will be improved, and the leading cadres will tighten their strings of legality and compliance in their hearts.

3.4. The Good Operation of Economic Responsibility Audit Mechanism Can Play a Supervisory Role in the Governance of Corruption

At present, although the form of economic responsibility audit in China is still mainly outgoing audit, it has been changing to term audit, that is to say, the time gate of economic responsibility audit is moving forward. If the term economic responsibility audit mechanism works well, it can effectively supervise the corruption, find and curb it in time when it occurs and even when it sprouts.

3.5. The Good Operation of Economic Responsibility Audit Mechanism Can Effectively Reduce the Possibility of Corruption

Through specific audit procedures and audit methods, economic responsibility audits can obtain the corresponding audit evidence, which can effectively detect corruption, investigate relevant legal responsibilities through the disclosure, treatment and punishment of corrupters, and deter those leading cadres with corruption tendency.

4. Problems of Economic Responsibility Audit in Anti-corruption Governance

4.1. The Main Content of the Economic Responsibility Audit Still Stays at the Level of Financial Information

The content of economic responsibility audit should include the review of the economic responsibility, administrative responsibility and integrity responsibility performed by leading cadres during their term, but in practical work, the focus of economic responsibility audit only stays at the level of financial information. For the main leading cadres of the Party and government and the main leading personnel of state-owned enterprises and institutions to implement the Party and state economic guidelines and policies and decision-making deployments, the development and implementation of strategic planning and effectiveness of enterprise development, the implementation and effectiveness of decision-making on major economic matters, and compliance with relevant economic laws and regulations have not been comprehensively reviewed in the actual work of economic responsibility auditing.

This leaves an opportunity for individual leading cadres to corrupt in areas other than financial data.

4.2. Attach Importance to Outgoing Audit and Disregard Term Audit

At present, although the economic responsibility audit has entered the stage of normalized development, in the actual audit work, it still focuses on the outgoing audit, while the term economic responsibility audit, which is more effective for corruption governance, has not been fully covered. Leading cadres leave their posts first and then accept the audit. The time to be

audited lags behind the appointment, promotion, reward and punishment of cadres supervision and management departments and job transfer decisions. That is to say, even if later examined out, corruption has long been started, or even completed, the consequences of corruption have been irreparable. The outgoing audit did not play a timely stop loss role in the economic responsibility audit. In addition, with the passage of time, the punishment that the leading cadres who caused these bad consequences should have suffered will become minor as the leading cadres perform their new duties. The cost caused by corruption may be far less than the benefits it brings, so that some leading cadres are still lucky about corruption and do not hesitate to take a risk.

4.3. Unclear Division of Responsibilities between Outgoing and Succeeding Leading Cadres

Due to the practice of "leaving office first and then receiving audit", most of the economic responsibility audits accepted by leading cadres are leaving office audit. Therefore, many leaders accept the audit of the performance of the economic responsibility of the previous post only after performing their new duties. At this time, the former post has been in charge of the successor leading cadre. However, due to the lack of clear provisions on the division of responsibilities between the outgoing leader and the successor leader in China's audit practice, and the lack of specific operation guidelines, the new leader is not very active in dealing with the financial problems and a series of disciplinary problems caused by the former leader during his term, even not fully cooperate, which brings certain difficulties for auditors to obtain evidence, which is not only adverse to the rectification of existing problems, but also adverse to the accountability of former leading cadres. This has left opportunities and motives for some outgoing leading cadres to commit corruption.

4.4. Insufficient Utilization of Economic Responsibility Audit Results

In the audit practice, some auditees and their personnel do not fully understand the economic responsibility audit results and fail to make full use of them. In the face of economic responsibility audit results, we can only see the problems that have been found and put forward, and the rectification is only superficial, but we cannot fully explore the essence of the problem, that is, the institutional defects behind corruption. Treating only the surface but not the essence will eventually lead to repeated trials and repeated offenders. Economic responsibility audit has little effect on the rectification of corruption. At present, China has not issued mandatory provisions on the announcement system of audit results. Auditors have a strong randomness in the publicity of audit results. They can choose whether to publicize, what to publicize and the degree of publicity independently, which weakens the supervision of the media and the public on corruption to a certain extent and lays hidden dangers for corruption.

5. Suggestions for Improving the Anti-corruption Role of Economic Responsibility Audits

5.1. Expanding the Scope of Economic Responsibility Audits

At present, the focus of China's economic responsibility audit still stays at the level of financial data review, which is not obvious enough from the financial revenue and expenditure audit, and does not really play its due function of all-round review of economic responsibility, administrative responsibility and clean government responsibility. Therefore, the next economic responsibility audit work should expand the scope of review, not limited to the review of financial data, but also the implementation of the Party's and state's economic principles and policies, decision-making and deployment, the formulation, implementation and effect of the enterprise's development strategic plan by the main leading cadres of the Party and government and the main leading personnel of state-owned enterprises and

institutions ,the implementation and effect of decisions on major economic matters and compliance with relevant economic laws and regulations shall be included in the scope of review.

5.2. Shifting the Main Form of Economic Responsibility Audits from Outgoing Audits to Term Audits

Because China's current economic responsibility audit still focuses on leaving office audit, it does not really give full play to the due corruption prevention function and timely stop loss function of economic responsibility audit. Therefore, the next key development direction of economic responsibility audit should be shifted from leaving office audit to term audit. When corruption has not been completed or even sprouted, it should be exposed and punished in time, to minimize the harm of corruption as far as possible, and act as a deterrent to those leading cadres with corruption tendency.

5.3. Strictly Implement the System of Taking over Responsibilities between the Outgoing Leaders and Succeeding Leading Cadres

Relevant departments shall issue corresponding regulations and specific operation guidelines, clearly divide the responsibilities between the outgoing leaders and the successor leaders, strictly implement the responsibility undertaking system between the outgoing leaders and the successor leading cadres, and avoid the difficulty of obtaining evidence for auditors due to the unclear division of responsibilities between the former and the latter leaders, which hinders the rectification of the problems.

5.4. Improve the Announcement System of Economic Responsibility Audit Results, and Make Full Use of the Audit Results

The premise that economic responsibility audit can play a role in corruption governance is to make the audit results public and the corruption behavior public. Therefore, if we want economic responsibility audit to play its due role in corruption governance, we must improve the announcement system of economic responsibility audit results, increase the number of audit result announcements, improve the timeliness of audit result announcements, strengthen the public's supervision of corruption, and appropriately add new supervision channels, such as audit publicity and reporting telephone, organizing anonymous talks Design questionnaire, etc. Relevant legislative departments shall formulate and issue mandatory laws and regulations related to the announcement of audit results to ensure the implementation of the system. Audit institutions and auditors shall make full use of the audit results of economic responsibility, including the audit decisions, audit reports, audit opinions and other concluding documents issued by auditors after the audit. Relevant personnel departments and leading cadre management departments shall take the above audit results as a reference when promoting, appointing, removing, rewarding and punishing leading cadres. At the same time, we should also repair and improve the system and system loopholes reflected in the economic responsibility audit results, strengthen the audit in the field of possible corruption, and repair the management loopholes, to prevent repeated trials and repeated offenders.

References

- [1] C. Zhang: Research on the Application of Economic Responsibility Audit Results in Corruption Governance, Contemporary Accounting (2018) No. 01, p. 56-57.
- [2] D. H. Sun: Problems of Economic Responsibility Audit and Countermeasures, Modern Auditing and Accounting (2021) No. 09, p. 08-09.

- [3] Y. F. Zhang, X. Y. Song: Study on the Function of Economic Responsibility Audit Accountability in the Governance of Corruption of State-owned Enterprises' Executives, Auditing and Finance (2021) NO. 06, p. 41-44.
- [4] X. Y. Zhang, Y. Q. Dong: Research on Economic Responsibility Audit and Anti-corruption Governance, Auditing and Finance (2019) NO. 04, p. 48-50.
- [5] Y. L. Yan: Limitations and Countermeasures of Economic Responsibility Audit in Corruption Governance, Policy Research & Exploration (2017) No. 06, p. 44-45.
- [6] X. F. Zhang: Research on the Anti-corruption Function of Economic Responsibility Audit, Communication of Finance and Accounting (2014) No. 12, p. 68-71.
- [7] X.X. Zhang: Research on Leading Cadres' Economic Responsibility Audit and Corruption Governance, China Collective Economy (2019) No. 36, p. 166-167.