

Study of High Quality Development Pathways for Non-profit Organization Auditing

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Abstract

The audit in the new era should develop towards the goal of high quality audit, to help the high quality development of economic society. However, due to the lack of profit-making pressure, uncertain objects of concern and other attributes, non-profit organizations have problems such as incomplete information disclosure, incomplete audit report and deviation of audit direction, and their audit quality is lower than that of other organizations. This article from the audit system mechanism, audit focus, audit technology, audit personnel four aspects to promote the high quality of the development of non-profit organizations, and put forward relevant suggestions, hoping to provide reference for the further development of non-profit organizations.

Keywords

High Quality Audit; Non-profit Organizations; Development Path.

1. Introduction

Non-profit organizations refer to social organizations and non-governmental organizations that are not profit-oriented and engaged in public welfare services. They are characterized by organizational, non-profit, non-governmental, voluntary, charitable, altruistic and other basic characteristics. Non-profit organizations are very broad in scope, including public non-profit organizations and private non-profit organizations. They are active in various fields of social and economic life, part of social undertakings, and a necessary supplement to the government-led social security system. China's non-profit organizations have a long history of development, gradually standardized after the founding of the People's Republic of China, and continued to develop with the economic development, as well as the frequent occurrence of natural disasters and public health events. In particular, after the Wenchuan earthquake in 2008, more and more people became involved in public welfare charities, and various charity organizations and foundations emerged. 21st century At the beginning, non-profit organizations were mostly public and semi-official legal entities Institutions, social organizations, and up to now, private and non-governmental charitable organizations, Foundations and other non-profit organizations have become a new force.

As the "third sector" between the government and for-profit enterprises, NPO is an important part of the pluralistic governance structure in China. Non-profit organizations, which are not for-profit and focus on social welfare services, are committed to extending public services to education, health, science and technology and other aspects, and have made important contributions to promoting social equity and further improving the social security system. However, due to the lack of profit-making pressure and group uncertainty, non-profit organizations have a series of problems, such as incomplete information disclosure, incomplete audit reports, and deviation of audit direction. Their audit quality is lower than that of other organizations. In recent years, there have been repeated scandals concerning non-profit organizations and frequent cases of malicious accumulation of money in the name of charity, which have seriously dampened donors' enthusiasm for donation and damaged the public

credibility of non-profit organizations. Audit, as an important link in the governance mechanism of NPO, can reduce the information asymmetry between donors and the management of NPO by strengthening the audit of NPO, so as to provide decision-making basis for the decision-making organs of NPO, and enable the board of supervisors and the audit committee to better play their supervisory functions. Strengthening audit of NPO is not only a requirement for NPO to maintain its own reputation and enhance social credibility so as to obtain stable funding sources and policy guarantees, but also a requirement for the government to undertake the responsibility of ensuring the safety of people's lives and property, for donors to realize self-worth and social value, and for donors to safeguard their own rights and interests[1]. Therefore, it is imperative to strengthen the audit supervision of Npos and broaden the intensity and depth of audit.

Audit is an important part of the supervision system of the Party and the state. In the new era, audit should develop towards the goal of high-quality audit and help the high-quality development of the economy and society. The audit of non-profit organizations is not only a weak link in the development of high-quality audit, but also an important breakthrough to achieve full coverage of audit. Promoting the development of high quality audit of non-profit organizations is of far-reaching significance to achieving full audit coverage and promoting the modernization of national governance system and governance capacity. Based on this, this paper puts forward the following paths for the development of high quality audit of NPO, hoping to provide reference for the further development of NPO.

2. Strengthen the Construction of Standardization, Improve the Audit System and Mechanism

At present, non-profit organizations still have problems such as lack of relevant laws and unclear audit subjects. The disclosure of financial information of non-profit organizations only relies on relevant systems and laws such as the Accounting System for Non-governmental Non-profit Organizations and the Regulations on the Management of Foundations, and lacks a complete conceptual framework of financial accounting and specific accounting standards. Therefore, the content of professional judgment of financial personnel in accounting will be more, and the subjectivity will be stronger, which will reduce the quality of accounting information, but also increase the possibility of auditors to issue inappropriate audit opinions[2]. The audit body of non-profit organizations is composed of government audit, social audit and internal audit, and the three main bodies are independent systems. In the Interim Regulations on the Registration and Management of Private Non-Enterprise Units, it is only stipulated that NPO accept the supervision of audit institutions, and the relationship and responsibilities of audit subjects are not clearly divided[3]. This will lead to separation of audit work, waste of audit resources and reduce the efficiency of audit work.

This article puts forward to strengthen the audit standardization, perfect the audit system mechanism path. Audit standardization is the audit work of internal procedures, quality standards, technical methods, work management and other aspects have developed a unified and operational norms, in strict accordance with the established rules to carry out the audit, avoid subjective randomness, so that the whole audit work can be standardized. Firstly, relevant laws and regulations in the audit process of non-profit organizations should be improved to provide auditors with clear audit standards, so that auditors can rely on laws and reduce professional judgment with strong subjective consciousness. Secondly, we should adhere to the strategy of auditing, improve the auditing system and mechanism, consider all aspects and integrate them deeply, coordinate the allocation of audit resources, increase the coordination of audit resources, and give full play to the synergistic effect. Finally, we should deepen the application of audit results, give full play to the fact that internal audit is located at

the forefront of the organization and has convenient access to information. Social audit informatization talents are abundant, and government audit has its own advantages supported by the government. We should dig deeply into audit clues, share audit results, save audit resources, and improve audit efficiency and quality.

3. Grasp the Key Points of Audit, Comprehensive Use of a Variety of Audit Methods

At present, the audit supervision of audit institutions for non-profit organizations mainly focuses on the audit of financial revenues and expenditures. The audit focuses mainly on the audit of errors and fraud correction and the compliance audit of the use of financial funds, while the performance audit is ignored. It is unclear whether the funds are fully utilized. The funds of non-profit organizations are donated to the society for social assistance. In the face of emergencies, the rescue time is fleeting, and the distribution of materials is not timely and insufficient, which may bring heavy costs.

This paper proposes to grasp the key points of audit, comprehensive use of a variety of audit methods and paths. Concrete analysis of specific problems, for major emergencies, in the early stage of rescue, the timeliness and effectiveness of the rescue money and materials are the key points of the audit, the audit office can carry out the whole process tracking audit of non-profit organizations, effectively supervise non-profit organizations, maintain their credibility, stimulate the enthusiasm of public donations, and promote the development of rescue activities. Non-profit organizations can also invite public interest audit from accounting firms, use social audit to guarantee audit quality, and give back to accounting firms through positive publicity, awards, flags, trophies and other reputational incentives. In the later reconstruction, the audit focus should consider ecological environment, sustainable development, building quality and safety and other factors[4] comprehensively. Special audits can be set up to strengthen regular audits of non-profit organizations' daily fundraising of public welfare funds. There are different audit priorities in the process of receiving, distributing and using donated funds and goods. When accepting donated money and goods, attention should be paid to whether the donated money and goods have been made into a special account and whether the acceptance procedures are complete. When allocating money and goods, pay attention to whether there is corruption, interception, misappropriation; After the distribution of funds and goods, we should pay attention to whether the non-profit organizations release information in a timely and truthful manner[5].

4. Adhere to the Strong Examination of Science and Technology, Flexible Use of Information Audit Technology

In today's society, with the rapid development of science and technology, "Internet Plus" mode and big data technology have penetrated into every aspect of people's lives, which makes audit clues more hidden and difficult to capture. Audit evidence is constantly changing, and audit risks are increasing with data security risks. Due to the limited scale and personnel of non-profit organizations and the low degree of financial informatization, they still use time-consuming and labor-intensive traditional auditing techniques and methods for the audit of non-profit organizations, which occupy a large number of audit resources and reduce the audit efficiency, and cannot meet the audit needs to achieve the expected audit objectives.

In this paper, this paper puts forward the technology audit, flexible use of information audit technology path. The audit of non-profit organizations should keep pace with The Times, first of all, establish big data thinking, use data to speak, use data to make decisions, use data management. The integration of big data thinking in accounting activities not only contributes

to the standardization and intellectualization of accounting activities, but also strengthens the management and control of accounting information and improves the quality of accounting information. Secondly, the organic combination of scientific and technological means and audit, optimize the audit organization process. For example, with the help of modern information platform, through the establishment of wechat public account, certification of official Weibo and other means to disclose the organization's major financial matters at any time, to ensure the diversification of financial information disclosure methods and timely disclosure time, and then make information users more convenient access to relevant information, increase the social supervision of non-profit organizations; The introduction of big data, blockchain and other emerging technologies. Big data technology can enhance the timeliness and comprehensiveness of audit work. Big data uploads data to the platform, and the platform will timely feedback information, remind data anomalies, and screen abnormal data. In this way, audit work can find and solve problems in a more timely manner, and improve audit efficiency and accuracy. Traditional audit mode adopts sampling audit for the consideration of saving time and labor and low feasibility of comprehensive investigation, but sampling audit is bound to have audit risks. Big data technology can realize comprehensive investigation and better guarantee the quality of audit. Blockchain technology is irreversible, can solidify financial information, can reduce the cost of information processing, but also can effectively avoid the phenomenon of accounting information distortion, protect social credibility, is conducive to improving the efficiency and quality of audit supervision, to meet the needs of ownership supervision. Finally, the audit of non-profit organizations should actively explore and constantly try to implement new models such as off-site audit, network tracking audit, real-time monitoring and early warning, improve the level of audit automation and intelligence, and use information technology to help the high-quality development of audit.

5. Build a Team of High-quality Professional Audit Personnel

Comprehensive improvement of auditors' ability is the fundamental guarantee for the high-quality development of the audit of non-profit organizations. With the continuous specialization and refinement of the audit work of non-profit organizations, higher requirements have been put forward for the professional competence of auditors. Non-profit organizations need professionals who understand both auditing and business, as well as law and modern information technology. At present, the overall ability and quality of auditors of non-profit organizations can not meet the new needs. Problems exist in different degrees, such as single profession, aging knowledge structure and experience, and insufficient ability to use modern means to carry out work[6].

To this end, this paper proposes to build a high-quality professional audit personnel team path. First, improve the salary of audit personnel, expand the team of audit talents of non-profit organizations, improve the organization of non-profit organizations, and ensure the normal development of audit work. Second, a learning and communication platform should be established to strengthen the training of auditors. Some non-profit organizations have a low threshold for auditing and lack of professional competence of auditors. Therefore, professional training should be used to improve the professional competence of auditors, improve the efficiency of auditing and ensure the quality of auditing. Third, we should improve the performance appraisal system for auditors and stimulate their enthusiasm, initiative and creativity. The performance assessment of auditors is the evaluation of the role of auditors in audit projects and audit work. By formulating quantitative evaluation indicators to accurately and objectively evaluate the performance of auditors and establishing incentive and restraint mechanisms, the enthusiasm and initiative of auditors can be activated to achieve a positive incentive effect and guarantee the audit quality. We will give full play to the role of the audit

coverage system in the audit supervision system, and improve the governance of non-profit organizations.

6. Conclusions and Suggestions

Non-profit organizations started late in China, and they play a vital role in poverty alleviation and disaster relief, protection of vulnerable groups and fulfillment of social responsibilities. Non-profit organizations bear important social responsibilities, and high-quality development is the general trend. This paper puts forward the path to promote the high-quality development of non-profit organizations from the four aspects of audit system and mechanism, audit focus, audit technology, and audit personnel, and puts forward the following five suggestions, in order to provide reference for the further development of non-profit organizations.

First, improve audit laws and regulations to provide audit basis. We will provide legal basis for auditors to follow and standardize audit work. Second, clarify the responsibilities of audit subjects and strengthen synergies. As the leading force of audit supervision, the government audit actively guides the audit work of internal audit and social audit, internal audit gives full play to the advantages of convenient access to information, so as to achieve "cure your disease, prevent disease", social audit provides professional services, three reasonable promote the development of audit; Third, improve the internal audit mechanism, reduce the audit risk. Non-profit organizations should set up special audit committees, introduce professional external volunteers or large donors to participate in internal audit; Fourth, innovate audit techniques and methods to improve audit efficiency. We should combine science and technology with audit, promote the construction of audit information platform, build audit information database, etc., facilitate audit work and improve audit quality; Fifth, smooth the channels of audit supervision and optimize the audit environment. Strengthen the guidance of the internal audit work of non-profit organizations and the verification of the quality of social audit reports. There are a large number of non-profit organizations in China, with more than 6,000 in the form of foundations alone. For audit institutions at all levels, the existing audit resources are far from meeting the practical needs, so they should make full use of other audit supervision powers. Internal audit can find the existing problems in the organization and timely feedback and treatment, audit institutions should strengthen the guidance and supervision of internal audit work, actively use the results of internal audit, give play to the role of internal audit. Social audit has the characteristics of flexible and professional, audit institutions can purchase social audit services, enrich the audit force, so as to expand the audit coverage and improve the audit efficiency. At the same time, strengthen the verification of the quality of social audit reports of non-profit organizations, urge the social audit institutions to perform their duties and responsibilities, if the social audit institutions are found to be in violation of laws and regulations or violate the code of professional ethics, transfer to the relevant competent departments to investigate their responsibilities, increase the cost of their violations of laws and regulations, and promote the quality of social audit work and the full play of the role of social audit. We actively called on the government, society and organizations to carry out audit supervision activities at all levels and intensify supervision. In addition, in order to better play the supervision role of the public, the government can build a special whistleblower platform to ensure that the opinions of ordinary people can be timely passed on to relevant government managers.

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