



# Reflections on the Economic Responsibility Audit of University Leaders under the New Regulations

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**Abstract:** With the newly revised "Regulations on Economic Responsibility Audit of the Main Leading Cadres of the Party and Government and the Main Leaders of State-owned Enterprises and Institutions" (hereinafter referred to as the new regulations) issued by the Central Office and the State Office in July 2019, the unit has put forward new requirements for the economic responsibility audit in the new era. Taking the new regulations as a starting point and combining with the actual situation of colleges and universities, this paper analyzes the main content, characteristics and precautions of the audit of the economic responsibility of college leaders under the new regulations, and puts forward the policy recommendations for the economic responsibility audit of colleges and universities.

**Keywords:** economic responsibility audit, universities, new regulations, policy recommendations

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Economic responsibility auditing is an important content of the socialist audit system with Chinese characteristics. China's economic responsibility auditing work has been carried out since 1999, and since October 2010, the "Main Party and Government Leading Cadres and State-owned Enterprise Leaders' Economic Responsibilities Since the Audit Regulations (hereinafter referred to as the old regulations), the audited units have promoted the implementation of the Party Central Committee's decision-making and deployment, promoted leading cadres to perform their duties, take responsibility, and operate in a standardized manner, which has played an important role in the modernization of the national governance system and governance capabilities. In July 2019, the Office of the Central Committee and the Office of the State Council revised the new regulations. This is the first system document issued by the Central Audit Committee since the establishment of the Central Audit Committee. The economic responsibility audit work carried out in various fields and industries has provided important follow-up. As an important part of China's education system, colleges and universities must carry out audits of the economic responsibilities of their leading cadres, so as to implement the strategy of strengthening the country through education and accomplish the fundamental task of establishing morality and cultivating people.

## 1. Policy background

In order to strengthen the leadership of the Party Central Committee over the audit work of all enterprises and institutions across the country, and build a centralized, unified, comprehensive, authoritative and efficient audit and supervision system, the 19th National Congress of the Party made a decision and deployment to reform the audit management system. The plenary meeting decided to form a central audit committee. The new regulation is the first regulation revised since the establishment of the Central Audit Committee. It is self-evident that the economic responsibility audit work is of great significance in the audit industry in the new era. It has implications for the concept, scope, audit content, responsibility identification and rectification of key leaders in terms of economic responsibility. The requirements are clearly stipulated, and the experience and practices accumulated in practice are fixed in the form of a system.

Standing at the historical intersection of the "two centenary" goals, this article takes high-quality development as the fundamental requirement, guided by the new regulations, and analyzes how to carry out the audit of the economic responsibilities of university leaders and cadres based on the actual situation of universities. Promote leading cadres to perform their duties and perform their duties, ensure that the Party Central Committee orders and prohibit them, help deepen the comprehensive reform of the education field, and realize the fundamental goal of the connotative development of higher education and the building of a strong education country.

## 2. Main changes in the "New Regulations"

### 2.1 Purpose of conducting economic responsibility audit

The new and old regulations clearly stated in Article 1 the purpose of conducting economic responsibility audits. The

old regulations focused on strengthening the management and supervision of leading cadres and promoting the construction of party style and clean government; the new regulations focused on strengthening the party's leadership over audit work and promoting leading cadres Perform your duties and act with due diligence, and ensure that the Party Central Committee orders and prohibits them. The second article of the new regulations also added the guiding ideology of economic responsibility audit work. The key words are "conscientiously implement the decision and deployment of the Party Central Committee and the State Council, focus on economic responsibilities, reveal problems, promote high-quality economic development, promote comprehensive deepening of reforms, and promote power. Standardizing operations, promoting anti-corruption and building a clean government, and advancing the modernization of the national governance system and governance capabilities" has further highlighted the political height of the Party Central Committee's view of auditing as an important part of the party and state's supervision system since the 18th National Congress of the Communist Party of China.

## **2.2 The connotation of economic responsibility**

The old regulations are defined as "the duties and obligations that leading cadres should perform in accordance with the law on the fiscal revenues and expenditures, financial revenues and expenditures, and related economic activities of their respective regions, departments (systems), and units due to their positions during their tenure." The definition in new regulations is "During their term of office, leading cadres shall implement the Party and the country's economic policies, decision-making and deployment within their jurisdiction, promote economic and social development, manage public funds, state-owned assets, state-owned resources, and prevent and control major economic risks, etc. responsibilities that should be performed by economic activities." The expansion of the definition of economic responsibility means that the scope of auditing will also be expanded. The focus of auditing has also changed from the old regulation of "focusing on leading cadres' law-abiding, discipline-abiding, regulatory compliance, and due diligence" to the new regulation of "operating and operating with the power and the implementation of responsibilities of leading cadres is the focus", and more emphasis is placed on the role of leading cadres.

## **2.3 Scope of audit objects**

The scope of the new regulations is wider, and the emphasis is on actual performance of duties. For example, it includes "main leaders of state-owned enterprises who do not act as legal representatives but actually perform corresponding functions and powers" and "superior leading cadres concurrently serve as principal leaders of subordinate units and are impractical. When performing economic responsibilities, deputy leading cadres who are actually in charge of daily work" etc.

## **2.4 Time for audit**

Both the old and new regulations can be implemented during or after leading cadres' tenure, but the new regulations emphasize the need to "mainly audit during their tenure", which greatly strengthens the supervision and management of leading cadres during their tenure.

## **2.5 Subject of the audit implementation**

The main body that independently implements economic responsibility audits in accordance with regulations and laws has increased the audit committee office compared with the old audit institutions, and brought the leadership of the Party Central Committee to the economic responsibility audit work to a new height, in order to build a centralized, unified, comprehensive, and authoritative and efficient audit The supervision system provides a system guarantee to better play the role of audit supervision.

# **3. The main content of the economic responsibility audit of university leaders**

Education is the country's major plan and the party's major plan. China is moving from a big country with higher education to a strong country with higher education. "Double first-rate" universities must have a first-class modern university system and governance system. Colleges and universities conduct economic accountability audits of leading cadres in accordance with regulations and laws. On the one hand, the political responsibility of governing the party and the economic responsibility of managing money and using money are well implemented. On the other hand, the integrated promotion of revealing problems, standardizing management, promoting reforms, and serving the fundamental tasks of educational reform and development and cultivating morality. The main content and focus of the economic responsibility audit of colleges and universities should be carried out closely around the "Reminder List of Important Risks in the Performance of Economic Responsibilities by the Main Leading Cadres of Universities Directly under the Ministry of Education" (Ministry of Education and Ministry of Finance [2019] No. 1).

The first is whether the major economic policies and decision-making arrangements of the party and the state have

been implemented in place. The second is the development plan formulated and implemented by the school, whether the core mission is out of touch with the actual situation; whether the plans of the secondary units coordinate and serve the overall development strategy of the school. The third is whether the feasibility demonstration of the "three important and one large" decision-making matters is sufficient, whether the basis is scientific, and whether the decision is effectively implemented. The fourth is whether the responsibilities of the school's internal institutions are overlapping, whether the powers and responsibilities are matched, and whether the operation is coordinated and efficient. Fifth, whether the internal control system is continuously optimized according to the development of the school's career, and whether the internal control in important business areas is perfect. The sixth is whether the management information system is planned uniformly at the school level, whether it realizes data sharing, and whether the information system is out of touch with business processes and internal control. The seventh is whether the budgeting is scientific, whether it provides effective guidance for the school's various businesses, and whether it effectively improves the efficiency of the use of funds. The eighth is whether the organization's income is regulated, whether there are phenomena such as uncollected receivables, self-receipt and out-of-pocket cardiopulmonary bypass. Ninth, whether assets, personnel, procurement, contracts, construction projects, scientific research, school running, foreign cooperation, logistics, affiliated hospitals, affiliated primary and secondary schools, foundations, independent colleges, research institutes, affiliated companies and other important business areas have formed effective supervision. Whether the various rights and interests of the company are reasonably protected. Ten is the rectification of problems found in previous audits and inspections. The eleventh is whether the responsibility of the first person responsible for the performance of the party's work style and clean government is in place, and the leading cadres have complied with the standards of clean and self-discipline, the spirit of the eight central regulations, and the regulations on clean governance.

#### **4. The characteristics of the economic responsibility audit of university leaders**

In the development of the country, colleges and universities have missions and tasks such as personnel training, scientific research, social services, teacher team building, cultural inheritance and innovation, and international exchanges and cooperation. They have concentrated power, rich resources, and have the characteristics of "small society and large grassroots". The economic responsibility audit carried out by the main business has the following characteristics.

(1) The pre-trial investigation should be based on a full study of the university's historical evolution, main research areas, and development plans, and conduct a data comparative analysis on the size of funds, asset distribution, resource utilization, etc. of the audited leading cadres before and after their appointments, reflecting this School's shortcomings, difficulties, contradictions, etc.

(2) Pay attention to the implementation of major national policies and measures by colleges and universities, whether they always adhere to the direction of socialist school running, enhance school characteristics and improve the quality of school development, always adhere to the fundamental task, foster people and cultivate successors for socialist construction, and use college education research resources actively serve the national science and technology innovation strategy and local economic and social development.

(3) Keep a close eye on whether the leading cadres of colleges and universities earnestly fulfill their political and economic responsibilities, and strictly prevent the pursuit of fame and profit, being busy with political achievements, and even violation of the eight central regulations and the spirit of the implementation regulations. Through economic responsibility audits, colleges and universities have a clear direction, distinctive characteristics, and cultivate talents, becoming a pure land for scientific and technological research and cultural heritage.

(4) In-depth implementation of the strategy of strengthening the country with talents in the new era, pay attention to colleges and universities in the process of enrollment, grant scholarships and student loans, and ideological and political courses to give full play to the role of key courses, integration of production, education and research, and student employment, etc., which involve talent training. On the one hand, to create an educational environment that is conducive to students' growth and talent, dedicated research and innovation.

(5) In-depth implementation of the strategy of strengthening the country through science and technology in the new era, paying attention to colleges and universities undertaking major national scientific and technological research projects, the construction and operation of national and provincial laboratories, scientific research and management services, scientific and technological achievements transformation, open sharing of large-scale instruments, university science and technology parks, and innovation and innovation. The construction of the base consciously fulfills the duty and mission of colleges and universities in realizing China's high-level scientific and technological self-reliance.

## 5. Points for attention in the economic responsibility audit of university leaders

(1) In order to meet the needs of the development of audit work in the new era, colleges and universities should establish audit committees or audit work leadership groups as soon as possible, accurately grasp the political attributes of audit work, compact the economic responsibilities of leading cadres level by level, and conduct in-depth audit findings from the party committee level Research and focus, to promote the improvement of institutions and mechanisms and deepen reforms in colleges and universities.

(2) Economic responsibility auditing involves the professional judgment of the auditors from the formulation of the plan to the problem determination. Therefore, it is necessary to improve the professional abilities of the auditors, clarify the problems and facts, and reduce the impact of unobjective judgments on the audit quality.

(3) The new regulations emphasize the need to be comprehensive and strict, but also to pay attention to the "three distinctions". This requires finding out the deep-seated reasons for the problems found in the audit, deeply grasping the sixteen-character principle of "career-oriented, seeking truth from facts, complying with disciplines and laws, and simultaneously accommodating corrections", and encouraging leading cadres to explore, innovate and take responsibility.

(4) Use big data audits to collect financial and non-financial information in a comprehensive and complete manner. Externally, it is necessary to grasp the national economic policies and decision-making arrangements related to the audited entity, and internally to achieve data linkage through unified formats and standards, and to integrate the data of various functional departments, to break the data islands and to improve the science of audit results.

(5) Keep in mind that the goal of internal audit in the new era is to promote development, not just investigating problems and investigating responsibilities. One is to fully understand the internal control of colleges and universities through a complete pre-trial investigation, to find out the family status, and to grasp the deep-seated causes of the problems; the other is to flexibly use audit reports, management proposals, verbal reminders and other forms to reflect to the audited unit Problems are conducive to effective rectification of problems.

(6) Improve the performance evaluation system, and formulate different performance indicators based on the main responsibilities of various departments, colleges, scientific research institutions, affiliated primary and secondary schools, affiliated hospitals, and affiliated enterprises, so that various departments and universities at all levels leading cadres clarify their economic responsibilities, and perform assessment and evaluation in strict accordance with performance indicators, so as to supervise the economic responsibilities of leading cadres in colleges and universities in an all-round and multi-level manner.

## 6. Economic responsibility audit policy recommendations of universities

The implementation of economic responsibility audits involves the participation and use of auditors' professional judgments. The audit objects are complex, the audit period is different, and the definition of responsibilities is diverse. The difficulty can be said to be the greatest of all audit types. Therefore, it is difficult to issue practical guidelines. However, implementation regulations can be issued in different regions, industries, and fields. At present, China's higher education sector has not issued detailed regulations for the implementation of economic responsibility auditing. In view of this, the author gives the following policy recommendations.

(1) With business activities as the entry point for auditing, the Ministry of Education formulated and issued the "Important Risk Reminder List for Major Leaders of Universities Directly under the Ministry of Education in Fulfilling Economic Responsibilities" in 2019, which basically covers the leadership and direct responsibility of university leaders. The content of work and other management tasks, as well as the problems found in previous economic responsibility audits, totaled 22 specific and important risks in 18 aspects. When formulating detailed regulations for the implementation of economic responsibility auditing in the field of higher education, one can explore and formulate a list of powers of leading cadres in universities based on the risk reminder list, and give targeted instructions around the two key points of "power operation" and "responsibility implementation".

(2) The design of the system must fully reflect the concept of performance auditing, and introduce a performance evaluation system as soon as possible, so as to avoid undesirable phenomena such as focusing on input and output, ignoring the efficiency of resource utilization, and blindly pursuing the scale of running schools, deepening the connotative development of higher education, and guiding universities to pursue the growth of "quantity" shifts to the improvement of "quality", with quality as the lifeline of education, and taking the path of high-quality development. In addition, we must also pay attention to the establishment of long-term, flexible and continuous improvement of dynamic indicators in accordance with the new requirements for the development of higher education in the new era.

## 7. Conclusion

Taking the new regulations as a starting point, this paper compares the old and the new regulations, and then combines the actual situation of colleges and universities to analyze the main content, characteristics and precautions of the audit of university leaders under the new regulations. It provides a policy recommendation on economic responsibility auditing suitable for colleges and universities, which has rich theoretical and practical value.

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