

The Problems and Suggestions in the Current Audit Rectification

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Abstract: Audit rectification is an essential part of the audit work chain and plays a crucial role in playing the audit supervision function, and the key to the realization of audit supervision lies in whether audit rectification can be implemented in place. Although audit rectification has received much attention in recent years, there are still some urgent problems that need to be solved in the current audit rectification work at the grassroots level. Based on the 2021 National Audit Development Plan and the newly revised Audit Law, the article proposes countermeasures and suggestions to strengthen the effectiveness of audit rectification from the perspective of how to implement audit rectification, so as to further deepen the application of audit results and form a virtuous cycle of promoting development through rectification.

Keywords: Audit Rectification; Audit Effectiveness; Problems; Countermeasures

Introduction

On October 23, 2021, the Standing Committee of the 13th National People's Congress adopted the newly revised Audit Law, adding Article 52 to make specific provisions on the publication and follow-up inspection of audit rectification and improving the requirements on the quality of audit rectification. Under the requirements of national policies and regulations, the importance of audit rectification work by audit institutions is increasing. The improvement of audit rectification quality is very important to enhance audit effectiveness.

1. The current problems of audit rectification work

In recent years, the Party and the State have continued to focus on the role of audit rectification throughout the audit process, and audit rectification has become increasingly important and has achieved certain results. By looking at the audit rectification announcements and problem lists of provinces and cities in the past three years published on the website of the Audit Office, it is found that the problems of "emphasizing auditing, ignoring rectification" and "repeated auditing" have repeatedly appeared, and even some problems have not been rectified for a long time, which have seriously weakened the authority of audit and reduced the supervision role of audit. Combing and analyzing these problems, we find that the reasons affecting the effect of audit rectification are various, mainly focusing on the following points.

The rectification subject does not pay attention to the rectification work. The audited units generally pay more attention to the audit process and audit results, thinking that getting the audit result report means the end of the audit work. They can not either correctly understand the importance and role of audit rectification work or really implement the rectification work of the problems identified by the audit. Considering their own interests, some audited units are reluctant to take the initiative to rectify the situation. Some problems repeatedly occur and are not solved for a long time.

No linkage mechanism has been formed to rectify the problems. The problems identified by audits often involve multiple departments, and even if the responsibility for rectification is clearly defined, the lack of a linkage mechanism will reduce the efficiency and effectiveness of rectification. In terms of the current audit rectification work, the relevant entities have not really urged the audited units to rectify as one of their responsibilities, and have not yet formed a supervisory synergy.

The auditing authorities' follow-up on audit rectification and improvement is not strong. The newly revised Audit Law clarifies the responsibility of the people's governments at all levels and audit organs to supervise the audit rectification,

requiring follow-up on the rectification of the audited units and supervising the audited units to rectify the situation as required. However, in practice, auditing organs often neglect follow-up work due to their own audit tasks and staff tensions, and consider audit rectification to be the business of the audited unit.

The implementation rate of the announcement of audit rectification results to the society is not high. The newly revised Audit Law stipulates that the audited unit shall rectify the problems identified by the audit within a specified period of time and announce the rectification results to the society. However, it is not common to actively announce the audit results, and there is no uniformity in the way, scope and procedures of the announcement. This makes information users and the public lack sufficient information access when understanding audit rectification and correction, which greatly reduces the transparency of audit work and the public's concern about national audit.

2. The main reasons for the problems in rectification work

The audited units do not have a good understanding of the problems and do not pay enough attention to the audit rectification. First of all, the audited units do not have a strong will to take the initiative and responsibility to promote rectification, and do not regard audit rectification as a way to make up for losses and improve management capacity. Secondly, the audited unit personnel are reluctant to change the actual situation, especially when it comes to some problems caused by the institutional mechanism or problems involving multiple interests.

The joint mechanism of audit and correction supervision and coordination does not work well, and it is difficult to form audit synergy. Audit work is a complex systemic, comprehensive work, to really play its supervision effectiveness, it is necessary to actively link internal and external audit forces. Although in recent years the audit authority has established a number of supervision and competent departments through the collaboration mechanism, collaboration joint unit work responsibilities are not clear. The necessary measures to collaborate linkage is not in place, coupled with asymmetric information, communication is not timely, the audit authority unilateral initiative to coordinate the majority, resulting in the overall operation of the rhythm of uncoordinated, inconsistent pace, collaborative linkage work lack of integration.

Lack of perfect and effective follow-up supervision mechanism. China's current audit rectification mostly belongs to the "audit once, change once" single-round form. Some auditing organizations do not pay much attention to the supervision and inspection of audit rectification, and there is no special organization or full-time staff to supervise and inspect the rectification of audited units. In order to save manpower and time, some auditing agencies simply take the audit rectification report submitted by the audited unit as a reference, and do not conduct field investigation and verification of the rectification situation of the audited unit, so the follow-up is not really implemented.

The rectification announcement system is not sound. The audit authority has not established a set of perfect and unified rectification announcement system for quality control of rectification announcement, and the lack of unified standards for rectification information disclosure, and the lack of system affects the timeliness and standardization of rectification announcement. In addition, some audited units and related personnel have certain resistance and rejection to the audit result announcement system because of their own interests, which increases the resistance to the implementation of the audit announcement system.

3. Measures to solve problems and improve the effectiveness of audit rectification

Improving the understanding and main responsibility for rectification of the audited units. The effect of audit rectification depends on both the business ability of the audit authority and the degree of importance attached to rectification by the audited unit. The audited unit as the first responsible person for audit rectification, the audit rectification is the main responsibility, should establish and improve the audit rectification mechanism, enhance the consciousness and initiative of audit rectification, in-depth analysis of the problem, timely resolution of the problems identified by the audit, to ensure that the real change to change in place.

Strengthening inter-departmental collaboration and linkage, give full play to the guidance and supervision role of

functional management departments, and cohesion of rectification and reform. On one hand, give full play to the supervisory synergy of each subject on the audit rectification and reform. By setting up an audit rectification cooperation group with the joint participation of each subject, inform the progress of audit rectification and clarify the rectification responsibilities of each department. Coordinate the strength of each department to form a supervisory synergy and focus on priority solutions to the important and difficult problems. On the other hand, integrate the resource advantages of various departments and give full play to the role of the joint meeting of economic responsibility audit work to promote rectification. It is suggested that all relevant departments not only rectify the problems already found, but also conduct joint investigation of potential risks, so that problem rectification becomes an opportunity to improve management.

Establishing a sound mechanism for follow-up and inspection of rectification. Audit committees and audit institutions at all levels should be the supervision and inspection of audit rectification as a regular job. In the audit project implementation process, promote the audited unit to investigate and correct problems promptly. Second, we must check against the results of previous audits. Follow-up inspection of the problems in previous audits to prevent repeated audits and repeated failures. Third, we must establish and improve the problem of rectification ledger. Implement the rectification and correction pin number system, the deadline for rectification.

Strengthening the audit result announcement system to prompt audited units to take the initiative to accept the supervision of public opinion. The auditing authority should, according to the requirements of relevant laws and regulations, formulate the Implementation Rules for the Announcement of Audit Rectification Results and the Rules for the Public Announcement of Audit Rectification to further clarify the content and format of the announcement of audit rectification, the principles of public disclosure, conditions, procedures and the number of announcements, and other matters to enhance the standardization of the announcement of audit results for practical operation.

Conclusion

At present, China's audit rectification situation shows a good development trend, but there are still shortcomings. Only on the basis of maintaining a good trend and promoting the continuous improvement of audit rectification can the positive role of audit rectification be truly brought into play.

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