

Analysis on the Accountant Appointment System of Public Institution under the Perspective of Financial Supervision-- Taking the Analysis of Unit C as an Example

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Abstract: Strengthening the supervision of finance and accounting means the implementation of the internal supervision responsibility for organizations. As an effective way of internal supervision of accounting in public institutions, however, the working mechanism and supporting construction of accountant appointment system, are not mature. This paper takes Unit C as an example to analyze the accounting appointment system, and puts forward relevant suggestions for the improvement of it.

Keywords: Financial Supervision; Accounting Appointment System

Introduction

In February 2023, the General Office of the CPC Central Committee and The General Office of the State Council issued the Opinions on Further Strengthening the Work of financial and accounting Supervision, emphasizing the improvement of the financial and accounting supervision system.

The core of the financial supervision system is that each unit should implement the responsibility of internal supervision, because once the internal supervision fails, the external supervision will lose support, resulting in higher costs of external supervision or repeated supervision. Therefore, the internal supervision for the unit is very important. This paper discusses whether the accountant appointment system in public institutions is conducive to strengthening the internal financial supervision and how to improve it.

1. Financial supervision and accounting appointment system

The phenomenon of "insider control" caused by the principal-agent relationship in enterprise management also exists in public sectors, so there are external supervision activities such as government auditing, inspection and discipline supervision. However, external supervision is often non-continuous after the event, while internal audit which can participate in the process of supervision, but as the "insider" of the unit, cannot be separated from the influence of the unit interest community, so the supervision effect is not the best. Therefore, the "accountant appointment systems" comes into our eyes.

Accountant appointment system refers to a system in which government departments or property rights units appoint accountants to their subordinate units and authorize them to supervise economic activities of the assigned units. By this way, the relationship of material interests between the appointed accountant and the assigned unit can be truly separated, and the effect of internal financial supervision can be truly brought into play. Accountant appointment system which originated from the West started in China in 1998 and achieved good results.

2. The case analysis of Unit C

Unit C is a public institution with ten subordinate units. It selected financial staff from its internal system and delegated them to subordinate units in charge of financial work. The system was finally canceled after eight years.

2.1 Results achieved

It improved the quality of financial accounting information and the efficiency of financial work of Unit C. After the implementation of the system, the accountant assigned to the subordinate units are directly led by the financial department of Unit C, which ensured the authority of the leadership and made the information up and down more timely and fluently, so the efficiency of work were also improved. The evaluation feedback obtained in the quality inspection of accounting information has also been greatly improved compared with before.

It standardized the financial management of each unit and improved the overall financial management level of Unit C. Previously, each subordinate unit just accepted the guidance of the financial department of Unit C, and implemented the management system of its own .But after the implementation of the system, each unit revised its own management in accordance with the financial management system of Unit C, so as to unify the financial management requirements.

It contributed to the party construction and restrict corruption, effectively reduced the risk of inspection and auditing. Appointed accountants, because of their independent relationship with the subordinate unit, can ensure the effective execution of their supervision over power, so as to better play its advance, make supervision responsibility to prevent illegal economic activities, restrain the corruption and reduce the loss of state-owned assets, thus effectively reduced inspection and auditing risk .

2.2 Existing problems

The reserve of appointed accounting staff was not enough, and their competence were also unsatisfying. Different from ordinary accountants, appointed accountants need not only high professional ethics and quality of accounting, but also good communication and coordination ability to work under pressure. The appointed accountants coming from the existing financial personnel in the establishment, had a big gap between their qualities and the requirements of appointed accountants; In addition, once the current appointed accountant resigns, it is impossible to find a suitable person to take place of him within a short time.

The appointed accountants with high pressure,were not well paid. According to the salary system of Unit C, the salary and welfare of appointed accountants enjoyed the treatment of the staff at the same level in the establishment. The appointed accountants who had no administrative posts actually took the responsibility of the financial manager of the assigned unit. However, they cannot get the treatment matching the job responsibilities. Moreover, as a "foreigner", the appointed accountant had to encounter the conflict behavior in the assigned unit. Low pay, high pressure, little chance of promotion, so few people would be willing to become appointed accountant.

The rotation period of appointed accountants was too short, so the job stability was a bit poor. Unit C practised a system of regular job rotation among the appointed accountants, who work in the same unit should not exceed three years. Due to the strong continuity of accounting work, the short rotation period was not conducive to the orderly development of financial work; In addition, frequent change of the working place also brought some impact on the appointed accountants' family life.

3. Suggestions on the "accountant appointment system" in public institutions

From unit C's case, we can see that: due to the dependent interests, the appointed accountants can guarantee the effects on restriction and supervision over the assigned unit, and contribute to the party's construction,restricting corruption. But due to the problems and difficulties in the practice, the system was finally canceled. So the author puts forward the suggestions for the improvement of the system in public institutions as follows:

Strengthen the organization and leadership of relevant departments to build the talent pool of appointed accountants. Local financial departments shall organize and build up a reserve pool of appointed accounting talents. The qualified appointed accountants must possess high professional quality and professional ethics. Regular professional training is also necessary to ensure them have corresponding abilities.

Scientifically design the salary system of appointed accountants. According to professional title, work experience,

performance, audit evaluation and other dimensions of them, formulate the corresponding salary standard system. In principle, the average salary level of the appointed accountants should not be lower than that of the financial managers in the same region. Special allowance can be set up for some special units or important positions.

Strengthen the appointed accountant career development planning. Organize the accounting professional and technical titles evaluation for all appointed accountants, and establish the accountant personnel file management information database which recording their work history, training records, and work performance, in order to provide relevant basis for their professional training, career development planning and evaluation, etc.

Establish a reward and punishment system and a negative list system for appointed accountants. For them with outstanding performance, timely rewards should be given as well as signing renewal contracts. For them who violate professional ethics or rules, punishment should also be implemented, including cleaning them out from the talent pool and no longer employed.

Establish a regular rotation system for appointed accountants and an audit system for those who leave their posts. In order to ensure the independence of appointed accountants, their service period in the same unit shall not exceed six years. In addition, it is necessary to establish the outgoing audit system, recording the audit results into their information database, which is linked to the reward and punishment system and negative list system.

Conclusion

In recent years, the state has further strengthened the financial and accounting supervision of public institutions through government audit, inspections and other external supervision, but the repeated inspection and cross-inspection have increased the supervision cost. As an effective way of internal supervision, accounting appointment system can greatly reduce the auditing risk and the cost of external supervision. However, at present, the working mechanism and supporting construction of the system are not mature, so it needs to be explored continuously based on practice, which will be a long-term and arduous reform.

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