Research Article

Survey and Analysis on Accounting Supervision of State-owned Agricultural Enterprises in Chongqing

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Abstract: In order to accelerate the construction of Chongqing as the center of finance, trade, logistics and technology education in the upper reaches of the Yangtze River, improve the corporate governance structure and accounting supervision approaches, establish favorable accounting supervision system in state-owned agricultural enterprises and advance the overall listing of state-owned agricultural enterprises. We take the form of questionnaire, interview, documentary research and action research and adopt information collecting methods by telephone, visit, network and random questionnaire to investigate the state-owned agricultural enterprises in the main districts of Chongqing. We found some factors that caused the weakening accounting supervision mechanism in state-owned agricultural enterprises, such as the legal system of accounting supervision in the existing state-owned agricultural enterprises is not perfect, the control systems of internal accounting are different, the person in charge of the unit exceeds his power and external supervision departments do not fulfill their duty. We need to improve organizational structure, information-based internal auditing system and post responsibility system of accounting personnel’s.

Keywords: Accounting informationization, accounting supervision, internal accounting management systems, parent and subsidiary companies, state-owned agricultural enterprises

INTRODUCTION

Chongqing is located in the upper reaches of the Yangtze River and the lower reaches of Jialing River. It is the only municipality in the mid west of China, which covers an area of 82,400 km², has a population of 31.3 million, borders over 40 districts and is surrounded by a population of nearly 300 million. Chongqing has abundant products and it is the distributing center, business center and biggest traffic hinge between the upper reaches of the Yangtze River and Southwest regions. It has rich education and human resources and it has established business relations with more than 140 countries and regions (Zhu, 2013a). Chongqing has postured as an all-round, multi-level and wide-ranging city. Among the world's top 500 enterprises, 38 of them have settled in Chongqing; such as Canada Scotia bank, Hong Kong Po sang bank, Hong Kong HSBC, Sumitomo of Japan, East Asia and other banks, Yasuda of Japan, Liberty of USA, Sun Life of Canada and other insurance companies and Su Jiang Ye Xian law firms of Hong Kong have set up branches and offices in Chongqing.

Chongqing market has complete network and many different kinds of industries, both light and heavy industries have been developed well and manufacturing industry is advanced. It is the important production base of motorcycles, cars, instruments, fine chemicals, large transformers and proprietary in China, the largest aluminum processing plants in Asia and exports the most motorcycles the in the country. It has geographic advantages and strong industrial base and supporting industrial system is strong (Zhu, 2013b). The chemicals, pharmaceuticals and other pillar industries continue to grow up; food, construction, tourism and other new pillar industries are in the development, the electronic information, bio-engineering, environmental engineering and other high-tech industries has been formed and cultivated.

Chongqing became a municipality in 2007, the GDP increased from 467.6 billion in 2007 to 1.1459 trillion, the annual average growth rate reached 15.3%, per capita GDP reached $ 6,191 and this caught up with the Chinese national average. Budget revenue reached 170.35 billion and quadrupled and the accumulated fixed assets investment reached 3.34 trillion. The total retail sales of social consumer goods reached 396.1 billion; the annual average growth rate was 18.8%. Industrial output increased by 3 times and the overall labor productivity has been doubled. Types of market bodies developed from 648,000 to 1,369,000. The industrial structures adjusted to 8.2:53.9:37.9 from 10.3:50.7:39 of 2007. At present seven state-owned agricultural enterprises in Chongqing have achieved the overall market and the dynamism, dominance and influence of the state-owned economic has been improved step by step. Private investment accesses have been enlarged and the financing difficulties of
small and medium-size enterprises have been eased. Through micro-enterprise support system, the proportion of non-public economy increased from 55.1 to 62.3%. Electronics, automobile, equipment manufacturing, chemicals, materials, energy and consumer products have all become billion industries. Rich resources, huge market potential and competitive scientific and technological strength made Chongqing become unique and charming (Zhu, 2013c).

With the deepening of the reform on state-owned agricultural enterprises, state-owned capital gradually flows to important industries, key fields and superior enterprises, so promoting the state-owned agricultural enterprises to enhance independent innovation and core competitiveness has become the focus of Chongqing now. In order to accelerate the construction of Chongqing as the center of finance, trade, logistics and technology education in the upper reaches of the Yangtze River, advance the overall listing of state-owned agricultural enterprises, improve the corporate governance structure and accounting supervision approaches and establish favorable accounting supervision system on state-owned agricultural enterprises, we take questionnaires to research the status of accounting supervision in Chongqing state-owned agricultural enterprises. We launch the research from the authenticity, correctness, reasonableness, legality and validity of enterprise economic activities and we aim at prompting the accounting activities of state-owned agricultural enterprises to observe and implement the guidelines and regulations of the country's financial system, avoiding the problems caused by distortion of the accounting information and preventing the occurrence of economic crimes (O'Connor et al., 2004).

MATERIALS AND METHODS

With the development of market economy and the increasing complexity of economic activities in state-owned agricultural enterprises, accounting supervision has taken more important missions (Huang et al., 2010). In order to further the research on the status of accounting supervision in Chongqing state-owned agricultural enterprises, we investigate the needs for talent of Chongqing state-owned agricultural enterprises by issuing questionnaires. We mainly take the form of questionnaire, interview, documentary research and action research and adopt information collecting methods by telephone, visit, network and random questionnaire to investigate the state-owned agricultural enterprises in the main districts of Chongqing.

The personnel involved in the investigation include the research group who is researching the factors and countermeasures of weakening accounting supervision in Chongqing state-owned agricultural enterprises and internship students in 2010 financial management profession of Chongqing Second Normal College; the respondents are mainly the financial departments of state-owned agricultural enterprises in the main districts of Chongqing. The research group hopes the contents of the questionnaire can reflect the basic situations of accounting supervision in Chongqing state-owned agricultural enterprises and then analyze the accounting supervision system mode in Chongqing state-owned agricultural enterprises, at last raise some improvements for accounting supervision system mode of state-owned agricultural enterprises in Chongqing.

RESULTS

The current situation of accounting supervision in Chongqing state-owned agricultural enterprises: The core of reform on modern state-owned agricultural enterprises is to establish an enterprise property relationship with separated ownership and management rights and it has clear property rights, defines power and responsibility well, separates enterprises from government administration and manages in a scientific way (Loren and Zhu, 2000). The primary task is to improve accounting supervision system gradually, strengthen and upgrade the accounting supervision functions, minimize the divergence of interests among owners, creditors and managers and ensure the coordinated operation of different relations in state-owned agricultural enterprises. With the implementation of accounting law as well as the promotion and application of the new accounting standards, the state-owned agricultural enterprises in Chongqing has formed an accounting supervision system with the main forms of internal accounting supervision, social accounting supervision and government accounting supervision. However, the power of accounting supervision under this system is far from enough. The existing supervision system has problems, such as relationships between different parties are confused, the obligations are not clear and lack of operational mechanism of mutual constraint. All of these are calling for strengthening the analysis on the factors and countermeasures of weakening accounting supervision in state-owned agricultural enterprises.

After the reform of company system, the state-owned agricultural enterprises in Chongqing experienced mergers and bankruptcy and became legal entities and main competition bodies that can adapt to market (Siqueira et al., 2009). The accounting supervision in Chongqing state-owned agricultural enterprises is realized by the records, calculation, analysis and inspection of accounting work and it is a kind of managerial activity that inspects and controls the economic activities of accounting subjects. The purpose of accounting supervision on state-owned agricultural enterprises is to supervise the authenticity, legitimacy and rationality of economic activities,
promote state-owned agricultural enterprises to improve their operation and management methods and increase economic efficiency. At present, there is possibility of abusing of power for personal gains in the management of Chongqing state-owned agricultural enterprises and the accounting supervision functions have been gradually weakened (Bajona and Chu, 2010). With the development and application of computer technology, the corporate accounting informationization has developed to deeper levels and modern information technology has been gradually adopted at all aspects in business management.

Traditional operation and management models have been impacted greatly, traditional accounting data processing changes accordingly and traditional accounting supervision under information and technology has been influenced by the new environment in many aspects. State-owned agricultural enterprises gradually adopt modern information technology in every aspect of operation and management, which enables traditional operation and management models to make great progresses. Technological changes brought benefits to the enterprise, but they also brought new problems and challenges to accounting supervision. The current weakening functions of accounting supervision in Chongqing state-owned agricultural enterprises mainly performs as weaken accounting supervision functions, internal management mechanism is not perfect, the internal control system disorders, accounting information distorts, false account, wrong account, bad debts, tax evasion and other serious problems, which caused many violations of laws and principles. These severely impaired national, social and corporate interests.

DISCUSSION

Analyze the factors that cause the weakening accounting supervision mechanisms in Chongqing state-owned agricultural enterprises: The internal accounting control systems are not unified and internal management is slack. The internal accounting control in state-owned agricultural enterprises plays a self-regulatory role in the whole accounting supervision system; it belongs to supervision before the event or at present, which is conducive to the timely detection of problems and take remedial measures (Aivazian et al., 2005). However, Chongqing state-owned agricultural enterprises paid less attention to establish the system of internal accounting controls. Although some completed internal control system, they only use empty internal control system to cope with inspections and audits. Some established some internal accounting control systems, but they are not complete. Some did not set up an internal audit system. Due to various reasons, or because of their own relationship with the enterprise, on concern about the corporate reputation and development, the enterprises have not paid enough attention and support to internal audit work, which lead to confused basic management, false accounting information and frequent practicing favoritism phenomenon (Bai and Xu, 2005). These will influence the corporate decision-makers to make correct decisions and threaten the survival and development of enterprises directly. The slack internal supervision and management mechanisms make the internal accounting control systems lose their rigidity and seriousness. Computer accounting treatment bought by informatization makes the creation, modification, storage, transfer and other aspects of the accounting data vulnerable and increases instability of the accounting files. Internal management process adopts paperless procedures, which are different from traditional seal to identify control permissions. Permissions of financial management exist in the form of passwords and the custody, modification and permissions settings of the passwords are more open than traditional enterprise management mechanism. Once hardware or software fails, or passwords or permissions leak, it will cause huge losses to enterprises in a short period of time. After enterprise reform, financial data processing is more convenient. To some extent, the remote control and remote management improved the efficiency of communication between the parent and subsidiary companies or among different departments in the enterprises. However, viruses, hackers and many other factors make this open environment difficult to control.

Accounting supervision and legal system in state-owned agricultural enterprises is not perfect, which lacks of matched laws and regulations with “Accounting law” and punishment is not adequate (Rod et al., 2008). Although the “New Accounting Law” has been issued, supporting laws and regulations lag behind, which resulted in the lack of pertinence and operability in the enforcement of “New Accounting Law”. The issued supporting laws and regulations have not played proper roles in punishing accounting counterfeiting and fraud behaviors and this reduced the effectiveness of the laws. Many provisions in Accounting Law only forbid engaging in this or that behavior, but not give the punishment after the violation results. In these studies, the upper limit of the expected cost of the frauds no exceeds one hundred thousand, which does not frighten the criminals; instead it has instigated them to some extent. When accounting personnel or unit leaders are punished because of breaking the of the Accounting Law, it generally dealt from individual delinquency or violation of the penal law, rarely neglect its connection with accounting supervision mechanism, let alone summarize and draw lessons. Even if related personnel was subjected to legal sanctions and the accounting supervision mechanisms
exposed problems, the follow-up implementation of the penalty can be replaced by complement or replace the sanction with punishment, which resulted one dares to take the risk for individuals or small groups interests.

External supervision departments are ineffective, information of government supervision departments is scattered, social supervision is a mere formality and the main purpose of accounting supervision has shifted (Bozec and Dia, 2007). Chongqing state-owned agricultural enterprises have established government supervision mechanism, which includes the departments of finance, auditing, tax, securities regulators and other departments, but the system is not satisfying. Functions between different departments are repeated, standards are not unified, lack of horizontal communication, management is decentralized and failed to form effective join forces. Some enforcement officers in the supervision department are not qualified, the sense of legal system is weak, human factors are heavy, subjective randomness is over the control, so they will affect the law enforcement indirectly or directly. As new forces in the accounting supervision system, of the accounting firms, asset appraisal firms and other social supervision industries have not completed the self-regulation system, some Certified Public Accountants lack of professional ethics and they even help enterprises to cook the books, verify false capitals and complete in unfair ways. Certified Public Accountants have not played their proper roles in social supervision; they seriously interfere with the order of the market economy and weaken the accounting supervision functions. The CPA audit is an important part of the social supervision and its main objective is to express an audit opinion on the financial statements and determine the credibility of accounting statements. But in fact, accounting firms turn this into secondary purpose, which virtually creates opportunities for frauds and reduces the functions of social supervision and industry supervision (Hu and Jefferson, 2004).

The persons in charge of the state-owned agricultural enterprises exceed their power of management and their self-discipline awareness is weak, which hinder the effectiveness of accounting supervision. Current accounting institutional settings and leadership systems do not have the necessary independence that accounting staff can supervise the managers. Secondary unit managers pursue to maximize their own short-term interests, unlawfully interfere with the accounting staff, instigate and authorize accounting staff to extract the expenses and the cost, report a false income, make up economic matters and make false accounting (Omran, 2004). This subject the accounting work to management authorities and the accounting supervision cannot be carried out independently. Some managers even force the accounting officers to violate the laws and regulations; due to personal connections, resumes and many other factors, some accounting personnel totally follow the decisions of leaderships, which lead to joint violation of laws and the invalidation of accounting supervision mechanism (Hu et al., 2013).

The quality of the accounting personnel in s state-owned agricultural enterprises are not the same and their sense of law is weak. With the acceleration of economic globalization and the connection between accounting work and the international standards, the application of network in the financial system of state-owned agricultural enterprises has been increased. Accounting supervision is becoming more and more difficult and the moral quality and professional capacity of some accounting personnel in state-owned agricultural enterprises or secondary units are not high, so it is difficult for them to manage complex network technology (O’Connor et al., 2006). This resulted in the weakening of accounting supervision, accounting disorder and lack of accounting personnel that can manage complex network technology and database technology. Under the circumstances of accounting information systems, authorization and approval are mainly controlled by authority management. Part of the accounting staff have a weak sense of law, lack of awareness of occupational risks and weak ethical standards, so they will use their powers to steal business secrets or modify trading contents intentionally, which lead to a serious distortion of accounting information and a weakening accounting supervision. Due to the age and historical reasons, the knowledge structure, educational structure and professional skills of accounting staff in state-owned agricultural enterprises are not good. They lack of sensitivity and analytical capacities and they cannot understand accounting policies timely or identify the authenticity of economic activities. Thus, it is hard to achieve reasonable and legal accounting supervision and will result in a distortion of accounting information (Wang et al., 2008).

Strategies for the weakening functions of accounting supervision in Chongqing state-owned agricultural enterprises: In the environment of accounting information, accounting information is a reflection of the economic activities of enterprises, the data collected from the enterprise managerial subsystem through the network and link with external systems through a common interface, which makes the accounting systems and monitoring mechanisms are no longer isolated islands of information. Accounting supervision of state-owned agricultural enterprises involves accounting treatment, accounting practices, accounting education and government management. It is the comprehensive development of the accounting information system. Information processing modes gradually become integrated and modularized trend. State-owned agricultural enterprises should fulfill the
accounting supervision functions under conditions of accounting information.

Strengthen the internal control system of the state-owned agricultural enterprises can be realized through establishing of internal accounting management systems, protection mechanisms of information system security, internal audit system and responsibility system of accounting staff. Confirm the obligations of leaders, responsible persons and chief accountants of state-owned agricultural enterprises and subsidiaries according to information technology environment, clear the work and affiliation between accounting bodies and the parent company and adopt the accounting organizations to prevent of forgery and falsification of accounting records and malpractice (Farinós et al., 2007). Information system security is the key point of internal control in state-owned agricultural enterprises. From the technical aspect, we should strengthen the control of system user, increase the protection of accounting data information, system communication process and the data processing and prevent computer virus. From the system aspect, we should strengthen the control of data preparation, system operation, financial management and file management. The internal audit system in state-owned agricultural enterprises is different from audit and review of the relevant accounting documents in general corporate. It focuses on verifying the authenticity and integrity of the financial data when each subsidiary and the parent company have relationships. Internal audit system is to inspect the purchases or sales, rent, agency, guarantee, supply or acceptance of labor services of the parent and subsidiary companies. In order to find errors timely and avoid corrupt practice, audit adopts the means of information and starts from multiple perspectives (Guedhami and Pittman, 2011). According to emphasis differences in accounting the parent and subsidiary companies, set work positions, divide job responsibilities and establish assessment methods of accounting positions. Standardize accounting business processing, review, entry, preparation of statements, file management, property inventory and other businesses through position responsibilities. Establish institutionalized, programmed and standardized accounting treatment and control systems and responsibility systems; confirm different systems for different positions, determine posts and responsibilities and avoid the cross functions between the parent and subsidiary companies. Position responsibility considers the mutual supervision and interactions among handling personnel, custodial staff and assessing officers and ensures real, complete and reliable economic activities (Holz, 2011).

Avoid multiple and exceed management through improving organization structure, restructure accounting treatment processes in state-owned agricultural enterprises and implement Accountant Appointment System in a certain range. At present, some leaders in state-owned agricultural enterprises secretly incite the accounting staff to modify accounting data, which is mainly due to flaws in the organization structure of enterprises, different responsibilities and cross authority between parent and subsidiary companies, multiple leadership and financial officers in the parent company exceeds their power to administer accounts in subsidiary (Girma and Gong, 2008). Many financial officers in state-owned agricultural enterprises exceed their power and this is because they belong to fixed positions or departments in a long period and they already established deep interpersonal relationships within a certain range, so the supervisors in the department pay little attention to them due to the relationships. State-owned agricultural enterprises can establish unified supervision organization of financial personnel within a certain scope and carry out accountant delegating system. The personnel relations, wages and benefits of the chief accountant that was delegated to subsidiary are managed by the parent company and the chief accountant assesses the accounting staff from morality, ability, diligence and achievements according to the regulations of parent company. Implement regular training and regular job rotation. The delegating system separates the accounting personnel that perform accounting supervision from the supervised subsidiary and the accounting personnel have nothing to do with economic benefits in subsidiary. This resolves the concerns of the chief accountant and enables the accountant delegating system to play its proper role. Accounting business processes include the setting of organization and positions in state-owned agricultural enterprises and improvement of the system of job responsibilities.

The accounting informationization in state-owned agricultural enterprises relies on Internet or Intranet system, uses TCP/IP open communication agreement and it is easy to be tempted, stolen, pretended and intercepted by command words in the data transfer process. The structure design should separate permissions from the information on the modules, ensure the quality range of accounting information and be responsible for the department, the unit and the law. The reform of accounting theoretical system and the wide use of means of information technology in the field of accounting will influence and change the traditional accounting business processes under manual accounting model. Traditional accounting business processes will certainly be changed accordingly, the transfer and audit of accounting organization, accounting positions and accounting documents will be redesigned according to new business processes and internal control systems. The informationization of accounting practice is an innovation of financial management in state-owned agricultural enterprises.
under social information environment and a reform of the means and methods of accounting practices.

Through the establishment of internal continuing education network system in state-owned agricultural enterprises and the training of basic professional ethics and then improve the quality of accounting personnel of subsidiaries. Accounting information reflects the entire process of business activities, so strengthen the supervision and management of the accounting staff and improve the overall quality of the accounting team are the fundamental requirements to strengthen the accounting supervision. Carry out continuing education on accounting staff in the subsidiary of state-owned agricultural enterprises at regular intervals, update, replenish, expand and improve professional knowledge and skills of the accounting staff and constantly improve the knowledge structure and innovation ability of accounting staff. In addition to the combination of annually prescribed internal and external accounting continuing education and training. state-owned agricultural enterprises should try to build internal continuing education network system, discuss accounting knowledge, hot issues, work problems and other questions through internet and encourage employees to study business and enhance their ability to learn new knowledge. At the same time, strictly exam and assess the accounting staff and cultivate them to love the job, observe laws and disciplines and dedicate to their duties. Consciously resist illegal actions rely on moral consciousness and legal sense, correctly handle the relations between various interests and enhance the accounting supervision of state-owned agricultural enterprises from inside and outside.

CONCLUSION

The accounting informationization is a reflection of fresh accounting ideas that can be adapted with modern information technology and it is a reform of information technology applied in accounting. State-owned agricultural enterprises should reconstruct the work, content, methods and procedures in the traditional areas of accounting based on modern information technology, reform accounting treatment processes in state-owned agricultural enterprises through establishing internal accounting management system, internal continuing education network system, information system security protection mechanisms, informatization internal auditing system, position liability system of accounting staff and other measures, strengthen the internal control system of the state-owned agricultural enterprises and avoid multiple management and override management. Further clarify the main responsible accounting bodies of state-owned agricultural enterprises, standardize the accounting behaviors, improve the quality of accounting information, enhance the joint forces of accounting supervision system based on the internal accounting supervision, social accounting supervision and government accounting supervision and ensure the authenticity, validity, legitimacy and legality of economic activities in state-owned agricultural enterprises.

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REFERENCES


