

Research on Financial Auditing from the Perspective of Systemic Risk Prevention and Control

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Keywords: Systemic financial risk, Financial audit, Risk prevention and control

Abstract: Financial security is the core guarantee of national economic security and stability, and an important foundation for the steady development of society. At present, the state attaches great importance to financial security, puts financial risk prevention in a prominent position, and takes a series of measures to strengthen financial supervision, prevent and resolve systemic financial risks. This paper reveals the problems existing in the current financial audit, and puts forward the realization path of financial audit to prevent systemic financial risks from paying more attention to systemic financial risks, improving the accountability system of financial audit, and strengthening the innovative business audit of banks.

1. Introduction

With the global economic integration, the internationalization of China's financial market is deepening, and the financial industry in China is facing new risks and challenges in the new situation. Systemic financial risk is the sudden, persistent, destructive and uncertain influence caused by macroeconomic environment and other factors on the financial system. It has the characteristics of complexity, system, concealment and infection. Once it happens, it will have a destructive effect on most financial institutions and even the whole financial market. Therefore, our government attaches great importance to the healthy development of economy and society and the safety and stability of financial market. In the nineteen major reports of the party, general secretary Xi Jinping pointed out that “perfecting the financial supervision system and keeping the bottom line of systemic financial risks”. Therefore, it is an important task for China's economic and social development to prevent and resolve systemic financial risks and safeguard national financial security. National audit plays an important role in the defense and resolution of financial risks with its strong independence, authority and specialty.

2. Analysis on the Defects of Financial Audit

2.1 Weak Auditing of Bank Innovation Business

With the development of the Internet economy, innovative financial products continue to appear in the financial industry, financial innovation businesses continue to develop, various banking businesses continue to innovate and upgrade, and the scope of coverage continues to expand. The innovative business of Chinese commercial banks has problems such as evading financial supervision and violating financial policies. Therefore, financial audits should have a comprehensive understanding of the characteristics and forms of the banking industry's innovative business, including bank wealth management, inter-bank business and off-balance sheet business, etc., and conduct effective supervision and evaluation of the bank's innovative business, so as to prevent innovation in the financial industry. Cause systemic risks and maintain the security of the country's financial system.

2.2 Insufficient Attention to Systemic Financial Risks

Although the National Audit Office attaches great importance to the internal management and risk control of commercial banks in its financial audit work, it has repeatedly mentioned loopholes in its internal management and risk control in the audit results announcement, and has put forward sound rectification suggestions. However, the financial audit work focuses on the risks of a single field or level of the bank, and lacks attention to systemic financial risks. Through the case analysis of the National Audit Office, it is found that the main content of the financial audit is concentrated on the illegal loan business, illegal operation business of the Agricultural Bank of China, as well as internal control defects and risk management issues. The current social economy is developing rapidly, financial services are complex, financial products are being developed, and the mixed operation of banking, securities, insurance and other businesses is not uncommon. Therefore, the risks faced by the financial market are no longer limited to a single field or a single level, but face diversification. Systemic risks that are globalized, concealed, contagious, and serious. Once the risk breaks out, it will quickly spread to the entire financial system, endangering the country's economic and financial security and stability.

2.3 Less Involved in Performance Auditing

Nowadays, the concept of performance auditing is deeply rooted in the hearts of the people. Under the requirements of performance auditing, auditing of banks by audit institutions cannot be limited to traditional financial revenues and expenditures, business operations, etc., and cannot merely satisfy the financial authenticity and legitimacy of the audited entity. The efficiency of the audited unit should also be taken as the goal of financial auditing. Financial audits shall comprehensively and objectively supervise and evaluate the economic benefits of financial institutions' operating activities, put forward suggestions for improvement in response to related issues, and urge the audited entities to improve their operating management mechanisms and increase economic benefits. However, combined with the audit announcement, it is found that the audit and evaluation of commercial banks by the National Audit Office is still limited to the authenticity of assets, the legality of operations, internal management and risk control, and lack of evaluation and supervision of operating performance. In actual work, financial auditors lack the necessary awareness of performance auditing and lack of unified performance audit evaluation indicators, which makes it difficult to objectively evaluate the business performance level of the audited entity, which results in the performance audit work being blocked.

2.4 Some of the Identified Problems Recurred

The recurrence of problems identified in the audited unit will greatly reduce the effectiveness of the financial audit. Through the audit results announcement issued by the National Audit Office, it can be found that some commercial banks have recurring problems or even some serious problems. Although banks can take seriously the problems found in the audit process and actively take measures to implement rectification, it cannot avoid the recurrence of problems after the rectification, which greatly reduces the function of financial audit to resist and prevent risks. Repeated trial and repeated offenders have become a common concern of the society. To solve it fundamentally, it is necessary to strictly implement the audit accountability system. However, my country's audit accountability is still in its infancy. The mechanisms in various aspects are not sound enough and the necessary legal support is lacking. This is unable to effectively play the role of problem-solving, so the problems found in the audit will always appear repeatedly.

3. The Realization Path of Financial Auditing to Prevent Systemic Financial Risks

3.1 Strengthen the Audit of Bank Innovative Business

Strengthening the audit of banks' innovative business is a key link to effectively prevent financial risks and ensure economic and financial security in the context of the new economic era. Audit institutions should improve financial auditing thinking, innovate financial auditing work methods,

study hard to learn about bank innovative business knowledge, and increase attention and investment in bank innovative business in audit work. Expand the scope of financial auditing from the original bank's traditional business to the bank's innovative business, including online banking off-balance sheet business, intermediary business, and wealth management business. Special investigations can be launched for some commercial banks' innovative businesses to fully grasp the operating characteristics and development status of these innovative businesses. In addition, attention should be paid to whether the banks have systemic risks caused by improper management or illegal operations in the process of innovative business operations.

3.2 Improve Relevant Audit Accountability Mechanisms

State-owned commercial banks' repeated trials and repeated occurrences of the same problems seem to be a common problem. To solve the problems fundamentally and eliminate persistent diseases, it is necessary to analyze the reasons and propose solutions from the institutional mechanisms and policy implementation of the commercial banks, and to improve the bank's Management system, supervision system, audit supervision system. Financial audit is not to complete the work for a pure audit task, but to solve the problems found in the audit process, and take appropriate measures to prevent the recurrence of the same problems. Therefore, it is necessary to establish a sound financial audit accountability system, effectively implement the accountability mechanism, hold the relevant leaders of the audited entity accountable, and increase the penalties for regulatory negligence and repeated violations, so as to solve the fundamental problems and improve the national financial system. Audit work efficiency and implementation effect.

3.3 Pay Attention to the Performance Audit of Commercial Banks

At present, in the financial auditing work of some commercial banks, the auditing agency often stays in the authenticity of the financial income and expenditure of the audited entity and the legality of business operations, and lacks effective evaluation of the operating efficiency of the audited entity. Nowadays, the concept of performance audit is deeply rooted in the hearts of the people. Auditors should raise their awareness of performance auditing, pay attention to the level of commercial banks' operational performance, and establish a sound commercial bank's operational performance evaluation index system to guide the development of financial performance audit work. In addition, the performance of commercial banks should be carried out. The audit should be combined with the economic responsibility audit situation. While auditing the business performance of commercial banks, it also supervises and evaluates whether the leaders of the commercial bank should assume relevant economic responsibilities for the business performance of the enterprise.

4. Conclusion

As an important part of national auditing, financial auditing is one of the immune systems in national governance. It can play its unique role in the new situation and effectively prevent and resolve systemic financial risks. In the future financial audit work, it is necessary to strengthen the audit of innovative businesses, pay more attention to systemic financial risks, improve the financial audit accountability system, and improve the overall quality of auditors. At the same time, it is necessary to build a blockchain technology audit platform and establish a financial Supervision and coordination mechanisms to promote better work and give full play to the role of financial auditing in preventing systemic financial risks.

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