Research on Village-level Financial Management Mode of Lou Feng Subdistrict, Suzhou

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Abstract. This paper introduces the four patterns of current village-level financial management and makes a simple comparison on their advantages and disadvantages. Simultaneously, taking Lou Feng subdistrict in Suzhou as the main example, this paper discusses and puts forwards some explorations on the optimization of the existing problems in the current village-level financial management based on the understanding and researches on its village-level financial management mode.

Introduction

China’s government requires our country to advance the socialist new-village construction and make the farmers to live and work in peace and contentment. Along with the improvement of our country rural people’s living standard and quality, the attention of the village-level financial management is daily on increase. Village-level financial management is one of the important new rural developments in our country, and is one of the important and difficult problems of our country’s new rural construction. With the increase of our country government investment in new countryside construction, the deepening of rural reform development and the advance of the urbanization process, the opening of the rural finance and the audit supervision of economic activities and so on are gaining more and more attention.

Wang described the present situation of rural financial management, on this basis, he pointed out the existing problems of village-level financial management such as the low quality of overall accounting personnel, the financial system’s not strictly executed, financial disclosure’s failed to play its due role, the failure of financial supervision, the absence of village-level financial audit and so on [1]. Yi analyzed that of the existing four village-level financial management modes of “village finance managed by the village”, “village finance managed by the town”, “village finance double managed” and “village accounting managed by agent” and the last one was specially encouraged and implement by the central government while the other modes were utilized according to different local situations [4].

Xiao concluded that there was a big difference at the development of the rural economy, and we couldn’t use the administrative command to promote the implementation of the village’s financial management mode. She thought China’s rural autonomous organization should be based on their actual situation [3]. Meng analyzed some exist problem like the poor accountants’ professional skills, the week accounting basis and nonstandard assets management. She put forward some countermeasures, concluding perfect system of funds management, perfect system of financial working, perfect file management system, etc [2].

Standardization and institutionalization of village-level financial management is beneficial to pushing democracy at the grassroots level, to ensure the democratic rights of the peasants, to strengthening the construction of rural grassroots organizations and construction of the Party conduct and of an honest and clean government, to develop the new rural construction in our country comprehensively and harmoniously.
1. Overview of Village-level Financial Management Mode

1.1 Introduction of village-level financial management mode

Of the existing four village-level financial management modes of “village finance managed by the village”, “village finance managed by rural town”, “village finance double managed”, “village accounting managed by agent”, and mode of “village accounting accreditation” is specially encouraged and implement by the central government.

(a) Village finance managed by the village

Under the mode of the village finance managed by the village, the ownership, the right of use and disposition of the village collective assets are handled by villagers and collective organization. The villages and towns can’t intervene and control. The villages have bigger autonomous right. And under this mode, the financial staffs are often the local people. They know the real situation relatively and it is helpful to the development of village-level financial management.

(b) Village finance managed by rural town

The mode of village finance managed by rural town is that village-level accounting is managed by the financial management office or accounting firm which entrust by the township government on the premise of not escrowing fund.

(c) Village finance double managed

Village finance double managed refers to manage the accounts and the funds.

(d) Village accounting accreditation

Village accounting accreditation is accounting management system that township government public recruit financial staffs from society and appoint them to the village-level organization after admitting the best examinee and gather-training.

1.2 The advantages and disadvantages of the village-level financial management mode

Table 1. The advantages and disadvantages of the village-level financial management mode.

<table>
<thead>
<tr>
<th>Mode</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>Village finance managed by the village</td>
<td>1. The financial staffs are often the local people. It is helpful to the development of village-level financial management. 2. Using funds reasonable and timely under the supervision of democratic financial management group and villagers’ conference.</td>
<td>Lead to Village Communist Party branch committee and Village self-government Committee and accounting personnel manipulate the village-level finance to be chaos.</td>
</tr>
<tr>
<td>Village finance managed by rural town</td>
<td>1. Standardize financial behavior, realize beforehand control, help curb spending phenomenon. 2. Combine towns and rural democratic supervision and help to collective funds operate safely and orderly.</td>
<td>1. Town’s leaders don’t pay attention. 2. The staff of town’s finance and management office is less and has poor Professional quality. 3. Financial supervision is insufficient.</td>
</tr>
<tr>
<td>Village finance double managed</td>
<td>1. Reduce the burden of cadres and improve the working efficiency. 2. Regulate financial procedures and ensure the financial discipline.</td>
<td>1. Make the rural accounting financial management service center and the village collective economic organizations to be disjointed. 2. The village collective fund’s use efficiency is low and velocity of money is slow.</td>
</tr>
<tr>
<td>Village accounting accreditation</td>
<td>1. Be conducive to perform services and supervisory function. 2. Strengthen government regulation and control and standardize the order of finance.</td>
<td>Maybe infringe village-level financial management’s subjective autonomy and damage to the village two committees’ positivity of financial management</td>
</tr>
</tbody>
</table>
2. Analysis of Village-level Financial Management Mode of Lou Feng Subdistrict, Suzhou

Village-level financial management mode of Lou Feng Subdistrict, Suzhou uses village accounting accreditation. It turns the internal accounting supervision to the external supervision and gets rid of money or emotion from the rural account and cadres to ensure to keep the public informed of the financial affairs timely, true and completely.

2.1 Accounting treatment status quo

(a) Account subjects
Due to the differences of village-level and corporate finance, Account subjects’ settings of Lou Feng Subdistrict, Suzhou are different accordingly.
1) “Culture, education, health and family planning”: mainly includes training expense, tuition and fees, children’s premium, college students’ subsidies, the serviceman subsidies, the only-child allowance, women supplies etc.
2) “Priority, supply, subsidies”: mainly includes households enjoying the five guarantees, family in financial or material difficulties, the families of servicemen and martyrs, the aged, the party member activities expense, condolence, old-age pension etc.
3) “Building and creating”: mainly includes construction of public welfare, afforest, collective asset maintenance, road and bridge maintenance, stream course clearance etc.

Because of the particularity of the village governance, the earning and charge against revenue above is almost invisible in the enterprise accounting treatment. So it should set up the special accounting subject when the accountant checks the special earning and expense.

(b) Accounting treatment differences between each village

Under the village-level accounting accreditation system, the rural financial accountants are assigned directly by the subdistrict. And after interviewing the accountants, the author finds that there are some accounting treatment differences between 12 villages in the Lou Feng Subdistrict.

For example, appointed accountants of some subdistrict make festival allowance and high temperature subsidies to account in the “cadres’ reward” and “other workers’ reward” of administration expense. The other accountants make them to account in the welfare expenses of other expenses. This phenomenon with no unify statements leads the annual compensation calculation work in chaos.

2.2 The advantages of the accounting accreditation

(a) Independent relatively

Because the accountants are appointed by the subdistrict’s financial and management office to account in each village, so it can make accountants get rid effectively of the villages’ relations of dependence. Then they can work independent relatively and it is benefit to enhance the accounting supervision and give play to the accountants’ function.

(b) To prevent accounting irregularities

Because the accountants are managed by the subdistrict’s financial and management office, so they won’t be a risk for irregularities. To some tent, it can preclude the behavior that the accountants collaborate with the workers and cadres and it has an immeasurable effect to the subdistrict.

2.3 The disadvantages of the accounting accreditation

(a) Rotating System

Under the village-level accounting accreditation, the rotating system is adopted by the subdistrict. It is use to enhance funds management and keep watch financial risk to ensure the safety of assets and funds. At the same time, it aims to improve the accountant’s basic skills and promote the improvement of accounting work and makes accountant knows all the accounting posts’ work duty.

When they work for full 3 years, all accountants will draw lots to determine the next work place. After interviewing, the author finds that all accountants have no problem to do accountancy, but it needs time to handover and be familiar with job content and colleague. It maybe influences the accountants’ positivity.
(b) Low positivity to participate in the internal management
The accountants are appointed by the subdistrict, so they are not responsible for the village. Under this circumstance, they just think to finish all annual element tasks and they maybe ignore the internal financial management and collective assets management.

3. Majorization of Village-level Financial Management Mode of Lou Feng Subdistrict, Suzhou

3.1 The consummation and unification of accounting treatment
(a) The unification of accounting treatment
Because of the differences of the accountants’ personal skills and qualities, their accounting treatments are also different, including the accounts and kinds of expenses. So in order to solve this situation, the subdistrict can regularly organize training activities and lectures to let some controversial accounting matters be unified. For example, let the casual wages and extra overtime wages which are not belong to the workers’ salary distribution boil down to the overtime wages of administration expense. Let the festival allowance and high temperature allowance boil down to the welfare payable of administration expense. Under this unified accounting treatment standard, the accountant can check the accounts unequivocally and enhance the work efficiency and enthusiasm.
(b) Combine the actual situation
The constituted regulation and standard must exist something different and conflicting, and the aim of financial management is to service for the real life. So in the financial management, we must pay attention to the realities and not put the cart before the horse.

3.2 Complete and perfect village accounting accreditation
(a) Complete and perfect the expense reimbursement system
Expense reimbursement can implement classification. The accountant officer sign to confirm when the amount is less than ¥1000; the village director sign to confirm when the amount is between ¥1000 and ¥5000; the village secretary of the party committee sign to confirm when the amount is between ¥5000 and ¥10000; when the amount is more than ¥10000, the accountant should report to the subdistrict and reimburse after the subdistrict agree. The detailed process is shown below.

<table>
<thead>
<tr>
<th>Responsible person signs</th>
<th>Accountant checks</th>
<th>Manager checks</th>
<th>Leader checks</th>
<th>Cashier reimburse</th>
<th>Accountant accounts</th>
</tr>
</thead>
</table>

Figure 1. Expense reimbursement progress.

(b) Evaluation and rewards and punishment system
It might reduce the appointed accountant’s work enthusiasm and initiative because of the rotating system. If the system can’t be changed, it should reinforce excitation effect to the appointed accountant. So we can consider the evaluation and rewards and punishment system. The evaluation can use the form of target-oriented responsibility system or performance evaluation. Evaluate the accountant’s attendance, performance, skills and professional ethics from various requirements. The accountant will be rewarded from the award and superior evaluation, bonus payment, improving salary and so on. The punishment is opposite.
(c) Enhance the right of appointed accountant
Due to the specificity of the appointed accountant, it maybe exist discrimination that the appointed accountant is not local person of the village. So it should be enough to ensure the right to work of the appointed accountant to avoid the unnecessary conflict from many difficulties to assort with and double leader effect.
(d) Strengthen the accounting accreditation construction
It should strengthen the accounting accreditation construction and establish and perfect the suitable financial management system and internal controls system. To ensure the working effect of the appointed accountant, the subdistrict and the village should clear and definite the appointed
accountant’s responsibility and right. It needs a matching and sound management system to ensure the standardization of the accounting business. Then, every parts of the village need to establish and perfect the suitable for their own internal control system to ensure the accounting accreditation construction.

References