



Analysis of Financial Management Mode under the Strategy of Rural Revitalization--Based on the Data Analysis of Township Financial Management Business

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Abstract

The implementation of the rural revitalization strategy requires the improvement of the efficiency and capacity of township financial management. This article analyzes the effect of its policies on rural economic development based on the financial management business data of a certain town in LZ. At the same time, it uses the data of cadres in the villages of Guangdong Province to perform regression analysis. This article intends to strengthen the financial management of townships, consolidate the financial foundation, and put forward constructive suggestions.

Keywords—Rural revitalization; Regression analysis; Township financial management business data

1. INTRODUCTION

The strategy of rural revitalization is proposed by General Secretary of the Chinese Communist Party Xi Jinping by applying Marxist thought in a scientific way in combination with China's actual conditions. It is a new guideline for the current rural work as well as an important measure for targeted poverty alleviation. With the further promotion and implementation of the national targeted poverty alleviation policy, a large number of funds are invested in rural construction. However, due to the incompetent low financial management of rural townships, such funds are often not fully utilized, resulting in a waste of resources and limiting the development of rural economy. In order to implement the strategy of rural revitalization and promote the all-round development of rural areas, it is necessary to stimulate the vitality of township industries. Therefore, improper management and inefficient utilization of funds are key issues to be addressed in the financial management of townships in the implementation process of the rural revitalization strategy, and addressing these issues is also a foundation of the sustainable development of township economy and the improvement of township economic vitality. Based on these factors, the research group

conducted a field research on the current situation of township financial management in LZ City, Guangdong Province, analyzed the current situation, existing problems and causes of township financial management, and constructed the financial accounting and supervision system for rural revitalization special funds. This system can not only monitor the use of government special funds, the progress of projects, and the performance management of funds internally, but also facilitate the supervision of government regulators, social institutions and general public so as to establish a transparent, open and comprehensive financial supervision system.

2. MAIN PROBLEMS IN TOWNSHIP FINANCIAL MANAGEMENT

2.1 Non-standard Budgetary and Tendering System

Township cadres and financial staff have insufficient understanding of the importance of budget management. The budgeting lacks scientific basis and may not comply with relevant national regulations. Issues such as incomplete budget preparation, delayed or unreasonable procedures lead to non-standard budget management and fund use. The actual operation and maintenance cost of

official cars in 2017 was ¥ 121.3 thousand, ¥ 6.13 thousand more than the ¥6 thousand budget.^[1]

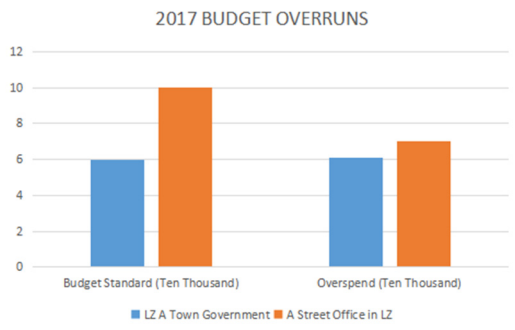


Figure1 Budget overruns

In the tendering and government procurement system, inadequate enforcement of regulations may result in government procurement without public bidding. A design contract of ¥ 488 thousand was signed by a township of LZ city without government procurement procedure.^[1]

2.2 Non-standard Utilization and Management of Funds

The inefficient utilization of special funds may result in trapped pools of capital. According to the analysis of the audit report, the use of special funds for health and education in a township in LZ City is shown in the table below.^[1]

TABLE 1. ISSUES IN UTILIZATION AND MANAGEMENT OF FUNDS

Purpose	Issue
Health Care	Failed to release the village clinics construction fund of ¥4 million in time.
Education	Reported 953 more grant qualifiers than actual, ¥ 5.72 million extra fund spent.

The main reasons are: 1) The feasibility study is deficient at the early stage of projects; 2) The financial difficulties of LZ City makes it difficult to secure the matching funds. The preliminary work cannot start until funds are disbursed. This slows down the progress of projects. 3) The project approval process is cumbersome. 4) The funds may not be disbursed in time due to non-standard project construction management and incomplete financial reporting and financial information.

Reception without official letter and non-standard reimbursement are widespread. the “Eight Regulations” and “Six Injunctions” of the central government are not strictly implemented. Reception without official letter and expenditure vouchers without reception list are found during this research. Some village cadres take advantage of their positions to overspend reception expenditure, and

count such expenditure into the expenses of related projects fraudulently. Researcher discovered reception without official letter and overspend expenditure issues described in Table 2.^[1]

TABLE 2. RECEPTION WITHOUT OFFICIAL LETTER AND OVERSPEND EXPENDITURE ISSUES

Department involved	Amount(in ¥ 1,000)	Comments
A Street office of a township in LZ	66.9	Reception without official letter
A Street office of a township in LZ	85	Overspend Expenditure of the three public expenses, conferences and training
A Township in LZ	33.4	Eception without official letter

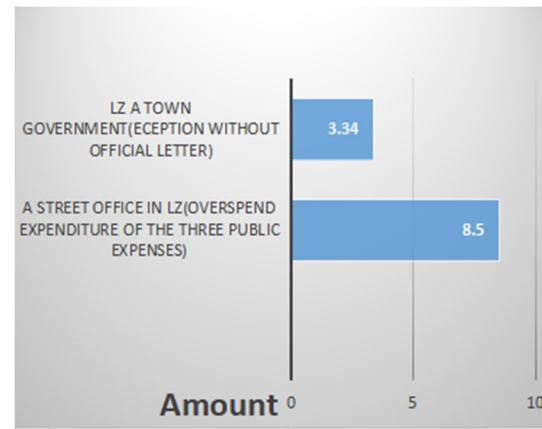


Figure2 The issue of official expenditure

Money transactions may not be booked timely. In the early stage of rural revitalization, the amount of funds required for infrastructure construction in townships of LZ City is not large, and the financial affair is easy to manage. With the increase of special funds, financial are not enough, and the related business of capital exchanges is usually concentrated at the end of the period, resulting in the use of special funds. Accounting treatment is not timely, information is seriously lagging behind, and it is difficult to meet the requirements of effective management of funds.

Management of fixed assets is not standardized. Newly added fixed assets are often not accounted for in time. Acquisition and obsolescence of assets may not follow corresponding regulation. Furthermore, there is no scheduled and unscheduled stock-taking of fixed assets. This leads to conflicts between accounting and actual status of fixed assets. Management loophole and crude project design causes frequent change on project indicators and inadequate supervision. The fixed assets

management issue in a township of LZ City is described in Table 3.^[1]

TABLE 3. FIXED ASSETS MANAGEMENT ISSUE STATISTICAL TABLE

Newly added fixed assets are often not accounted for in time in 3 departments	Vehicle ¥ 360k
	Construction Project ¥ 31.24m
	2 buildings
Fixed assets are not recorded	¥ 100k
Acquisition and obsolescence of assets did not follow corresponding regulation	¥ 3.6064m
The write-down record is not true	¥ 2.3837m

2.3 Low Level of Informationization of Township Financial Management

During the investigation on the current situation of financial management in a town of LZ City, the research group discovers that due to many factors such as the history and geography of this town, the informatization construction of financial management in townships is insufficient. Cadres and financial staff do not have fully understanding of the informatization of financial management in townships. Influenced by traditional financial management ideas, they knew little about informatization, and may skeptical about the informatization of financial management in townships. Due to the lack of supporting facilities for township financial management informatization, due to the underdeveloped township economy and the lack of special supporting funds, townships have not yet established complete information systems, which directly lowers the efficiency of financial management, slows down the speed of township economic development, and hinders the implementation of the strategy of rural revitalization.

2.4 Insufficient Reserve of Financial Management Personnel

The lagging construction of township financial management team and the lack of financial management personnel leads to inadequacy of accountancy bodies, weak internal accounting control and lack of comprehensive and standardized institutional constraints, thus resulting in inaccurate and insufficient accounting information. This directly affects the implementation of rural revitalization strategy. In the research of a town in LZ City, the research team finds out the severe aging and limited educational backgrounds of financial personnel, as well as their low capacity of using the Internet and modern information technology. These financial personnel lacks the knowledge of understanding and

application of the latest accounting standards and financial management methods, and they are unfit for the implementation of the rural revitalization strategy.

3. ANALYSIS ON THE CAUSES OF TOWNSHIP FINANCIAL MANAGEMENT PROBLEMS

3.1 The Maladjustment between Existing Rural Accounting System and Developing Rural Economic System

The existing rural accounting system can not match the development of rural economy. Within the rapid development of rural collective economy, the business environment, business model and scale has changed dramatically. However, since the revision of the rural accounting system in 2004, the theoretical knowledge of its policies has not been changed correspondingly, and the poor timeliness leads to the rural financial policy's unfitness for the actual rural economic development. Affected by these issues, the existing rural accounting system has caused negative impact on financial supervision and management of rural collective assets, and to some extent, hindered the rapid development of rural collective economic development.^[2]

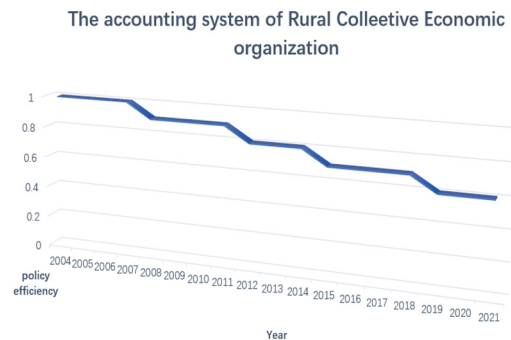


Figure3 The Existence Time and Policy Efficiency of the “Accounting System of Village Collective Economic Organizations”

3.2 Lack of Rural Financial Supervision Mechanism

First, the lack of judicial supervision causes some village-level economic problems to become unregulated. Second, supervision by disciplinary inspection authorities is inadequate on cadres who are not Communist Party members. Third, surveillance by the masses is not enough. The system of mass supervision is imperfect, the villagers' collective spirit and awareness of democratic management is weak, many villagers do not care about the collective affair. They do not ask or aware about it, either, this results in a mere formality of democratic management and supervision^[3], and renders it unable to reflect the development of rural economy.

Finally, the self-supervision and internal control mechanisms are unsound and inefficient.

3.3 Lack of Rational Financial Personnel Selection Mechanism

During the research, researchers find that there are financial personnel directly appointed by village cadres out of their personal emotions and subjective consciousness in some villages and towns of LZ City. As a result, some incompetent people work on financial management, and even become financial administrators. These people can hardly have the required professional judgment and independency in their work. This not only seriously affects the quality of financial management work, but also frustrates well-educated competent financial professionals, resulting in a serious outflow of financial management talents.

3.4 Lack of Awareness and Capability of Financial Management

Research discovers that village cadres are unaware of the importance of financial management and unfamiliar with financial management. In their opinion, the financial management is accounting personnel's job and has nothing to do with them. They cannot fulfill the obligations of local management. The neglect in their mind blocks them from actively learning financial accounting knowledge. The cadres remain unfamiliar with financial regulations and financial system and thus fail to follow the financial rules and regulations. For example, an agricultural mechanization management general station in a township of LZ paid 2017 water bill of ¥14.6 thousand with cash instead of bank transfer.

4. Measures to Optimize Township Financial Management

4.1 Fix Budgetary and Tendering System

It is essential to do a good job in village collective management, subcontracting, leasing, investment, asset disposal, and revenue estimate on transfer payment funds, subsidies, compensation, social donations, public welfare fundraising, collective land income and other income. The budget should be combined with the model of rural economic development and the long-term and short-term goals of rural economic development for overall planning, and establish the focus of work in different periods of rural economic development should be determined based on the planning results.

The tendering system of township construction projects should be further improved, including formulating rational tender amount, clarifying the work responsibilities of relevant departments, establishing tendering supervision, accountability mechanism, and

operation approval process, as well as improving the efficiency of tendering system.

Government procurement should be fair and open. The procurement plan should be publicized on schedule. Public tenders should be held to accept the supervision of the people and prevent agreement procurement or self-procurement. Meanwhile, in order to ensure the quality of government procurement management, the acceptance of government procurement must be strictly executed, and all acceptance must be traceable to ensure the authenticity of government procurement.

4.2 Strengthen the Execution of Financial Management

4.2.1 Standardize fund management and improve efficiency of fund utilization

The township government should ensure that the supporting funds of all kinds of important projects in rural revitalization are in place, supervise the rational and regulated use of funds, avoid the loss of special funds, design proper fund approval process, allocate funds in time, improve the efficiency of fund utilization, and comprehensively promote the construction projects. The scope of expenditure of rural revitalization projects should be defined in accordance with the law, and be strictly implemented to eliminate the false expenditure in rural revitalization projects and avoid the increase of inflated costs in project construction. According to the actual situation, the appropriate increase in financial personnel may be required to ensure the timely book-keeping of special funds and the transparency, objectivity and timeliness of financial information. Improve the management and accounting system of fixed assets. The new fixed assets should be recorded in account without delay. Purchase and write-off must follow established procedure. Regular and irregular checking of fixed assets should be performed to make sure accounts agree with physical inventory.

4.2.2 Build a Comprehensive and Transparent Financial Management Supervision Mechanism

Township governments should establish the financial disclosure system to accept the oversight of the general public in the whole process of fund utilization.^[4]

4.2.3 Perfect Democratic Financial Management System

Township governments should promote the democratic decision-making on collective fund utilization, organize regular democratic financial meetings, make the best of democratic financial planning groups, and establish the system of accountability for major decisions.

4.3 Stabilize the Financial Management Team

Township governments should establish the talent import system, improve the benefits of financial personnel and provide them with a good working environment in order to attract and retain more financial talents to participate in the rural revitalization strategy.

According to the relevant data of cadres in the villages of Guangdong Province, the following relevant variables are set to analyze the important role of personnel in economic development. X is number of cadres in the village, Y is Village annual per capita disposable income (yuan).

According to the following information, the regression equation is used to illustrate the huge role played by the cadres in the village, and the model is $Y=\alpha x$.

TABLE 4. STATISTICS OF VILLAGE CADRES IN GUANGDONG PROVINCE

Years	X	Y
2016	1119	6774
2017	1175	9062
2018	1234	11350
2019	1295	13638
2020	1360	18214

TABLE 5. REGRESSION STATISTICS

Regression statistics	
Multiple R	0.990096911
R Square	0.980291892
Adjusted R Square	0.973722523
Standard error	15.43585974
Observations	5

TABLE 6. RESIDUAL OUTPUT

OB	Predict Y	Residual	Standard residual
1	1128.77027	-9.77027027	0.730878392
2	1177.783784	2.783783784	0.208244742
3	1226.797297	7.202702703	0.538807998
4	1275.810811	19.18918919	1.435473467
5	1373.837838	13.83783784	1.035158331

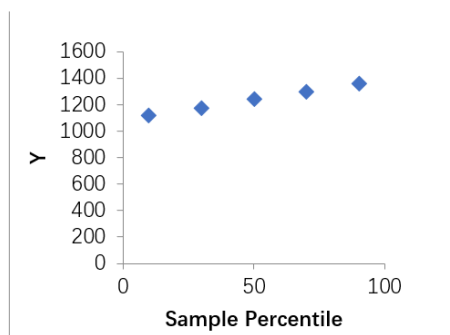


Figure4 Normal Probability Plot

The empirical results of regression analysis show that the village cadres have played an obvious positive role in reducing poverty in rural areas and promoting economic development.

5. CONCLUSION

Financial management plays a vital role in the implementation of rural revitalization strategy.^[5] Township governments should attach great importance to the implementation and execution of the effective financial management system. Combining with the local situation, township government should make bold changes and innovations to quickly eradicate these problems in township financial management that limit the implementation of rural revitalization strategy, and promote the rapid development of township economy and the continuous advancement of rural revitalization strategy.

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