

Audit Law Implementation Regulations of the PRC

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the Audit Law of the People's Republic of China (hereinafter referred to as the Audit Law).

Article 2 — Audit work shall uphold the leadership of the Communist Party of China and fully implement the Party's lines, principles and policies as well as the decisions and arrangements of the Party Central Committee.

Article 3 — "Audit" as used in the Audit Law means the conduct by which audit institutions, independently and in accordance with the law, examine the accounting vouchers, accounting books and financial

accounting reports of audited entities, as well as other materials and assets related to fiscal revenues and expenditures and financial revenues and expenditures, and supervise the authenticity, legality and effectiveness of fiscal revenues and expenditures and financial revenues and expenditures.

"Audited entities" as used in the Audit Law means entities that are required by law to accept audit supervision by audit institutions.

Article 4 — "Fiscal revenues and expenditures" as used in the Audit Law means the various revenues and expenditures that shall be included in the budgets of governments at various levels in accordance with the Budget Law of the People's Republic of China and other relevant state provisions.

Article 5 — "Financial revenues and expenditures" as used in the Audit Law means the various revenues and expenditures of state-owned financial institutions, enterprises, public institutions and organizations, and other entities required by law to accept audit supervision by audit institutions, for which accounting shall be conducted in accordance with the unified state financial and accounting rules.

Article 6 — Audit institutions shall perform audit supervision in accordance with the duties, powers and procedures prescribed by the Audit Law, these Regulations and other relevant laws and regulations.

Audit institutions shall conduct audit evaluations in accordance with the laws and regulations on fiscal revenues and expenditures and financial revenues and expenditures, and the state's provisions on relevant policies, standards and project objectives, and shall, within the scope of their statutory functions, make decisions on handling or punishing the acts of audited entities that violate state provisions on fiscal revenues and expenditures or financial revenues and expenditures.

Article 7 — In carrying out audit supervision, audit institutions shall strengthen coordination and synergy with discipline inspection and supervision, inspection and patrol, organizational and personnel supervision, people's congress supervision, democratic supervision, administrative supervision, judicial supervision, financial and accounting supervision, statistical supervision and investor supervision, among other forms of supervision, and improve the working mechanisms for information sharing, clue transfer, coordinated measures and result sharing.

Article 8 — The state shall strengthen the informatization of audit work and encourage the use of big data and other modern information technologies to improve the quality and efficiency of audit supervision.

Article 9 — All entities and individuals shall have the right to report to audit institutions the acts of audited entities that violate state provisions on fiscal revenues and expenditures or financial revenues and expenditures. Upon receiving a report, audit institutions shall handle it promptly in accordance with the law.

Chapter II — Audit Institutions and Auditors

Article 10 — The National Audit Office shall, under the leadership of the Premier of the State Council, be in charge of audit work throughout the country and perform the duties prescribed by the Audit Law and the State Council.

Local audit institutions at various levels shall, under the leadership of the chief executive of the people's government at the corresponding level and the audit institution at the next higher level, be responsible for audit work within their respective administrative regions and perform the duties prescribed by laws, regulations and the people's government at the corresponding level.

Article 11 — Where the people's governments of provinces and autonomous regions have dispatched organs, the audit institutions of such dispatched organs shall be responsible to and report on their work to the dispatched organs and the audit institutions of the provincial or autonomous regional people's governments, and their audit operations shall be led mainly by the audit institutions of the provincial or autonomous regional people's governments.

Article 12 — Dispatched offices of audit institutions shall, in accordance with laws, regulations and the provisions of the audit institutions, carry out audit work within the scope authorized by the audit institutions, free from interference by other administrative organs, social organizations or individuals.

Article 13 — The main bases for audit institutions in drawing up their annual budget proposals include:

- (1) laws and regulations;
- (2) decisions and requirements of the people's government at the corresponding level;
- (3) the annual audit work plan of the audit institution;
- (4) staffing and quota standards;
- (5) the implementation of the previous year's budget and the factors of change in the current year.

Article 14 — A professional technical qualification system shall be implemented for auditors, in accordance with the relevant state provisions.

Based on work needs, audit institutions may engage persons with professional knowledge relevant to the audit matters to participate in audit work. Persons engaged to participate in audit work shall observe the relevant state provisions on audit work.

Article 15 — An auditor handling an audit matter shall apply for recusal under any of the following circumstances, and audited entities shall also have the right to apply for the recusal of an auditor:

- (1) having a spousal relationship, lineal blood relationship, collateral blood relationship within three generations, or close affinal relationship with the person in charge of the audited entity or relevant responsible personnel;
- (2) having an economic interest in the audited entity or the audit matter;
- (3) having any other interest in the audited entity, the audit matter, the person in charge of the audited entity or relevant responsible personnel that may affect the fair performance of official duties.

The recusal of an auditor shall be decided by the person in charge of the audit institution; the recusal of the person in charge of an audit institution in handling an audit matter shall be decided by the people's government at the corresponding level or the person in charge of the audit institution at the next higher level.

Article 16 — Audit institutions shall implement a registration and reporting system for acts of seeking information about or interfering in audit matters. Auditors who encounter acts of seeking information about or interfering in audit matters shall register and report such acts in accordance with the provisions. The specific measures shall be formulated by the National Audit Office.

Article 17 — The appointment and removal of the principal and deputy heads of local audit institutions at various levels shall seek the opinions of the audit institution at the next higher level in advance.

Article 18 — The person in charge of an audit institution shall not be removed or replaced at will during their term of office absent any of the following circumstances:

- (1) being pursued for criminal liability for a crime;
- (2) having received sanctions for serious violations of law or dereliction of duty and being unsuitable to continue serving as the person in charge of the audit institution;
- (3) being unable to perform their duties for more than one year due to health reasons;
- (4) failing to meet other conditions for holding office prescribed by the state.

Chapter III — Duties of Audit Institutions

Article 19 — Audit institutions shall, in accordance with the law, audit and supervise: the organization by the finance department of the people's government at the corresponding level of the implementation of the budget at that level and the draft final accounts prepared thereby; the collection of budget revenues by the departments and entities collecting budget revenues at that level; the budget implementation and final accounts of departments and entities that have direct budget payment and appropriation relationships with the finance department of the people's government at the corresponding level; the budget implementation and final accounts of the people's governments at lower levels; and other fiscal revenues and expenditures. With the approval of the people's government at the corresponding level, audit institutions shall audit and supervise, in accordance with the law, the authenticity, legality and effectiveness of the receipt and use of fiscal funds by other entities and projects receiving fiscal funds.

Article 20 — The content of audit supervision by audit institutions over the implementation of budget revenues and expenditures at the corresponding level, draft final accounts and other fiscal revenues and expenditures includes:

- (1) the allocation of the budget approved by the people's congress at the corresponding level by the finance department to the various departments at that level (including directly affiliated entities), the specific organization of the implementation of the budget at that level and the draft final accounts prepared, and the adjustments made during budget implementation and changes in budget revenues and expenditures;
- (2) the collection of budget revenues by the departments and entities collecting budget revenues in accordance with laws and administrative regulations and other relevant state provisions;
- (3) the dispatch and allocation of budget funds by the finance department in accordance with the approved annual budget and fund utilization plans, and the use of budget revolving funds and budget stabilization and adjustment funds;
- (4) the allocation and administration of intergovernmental fiscal transfer payment funds by the finance department in accordance with laws, administrative regulations and the fiscal management system, the tax rebates from higher-level governments to the government at that level and from the government at that level to lower-level governments, and the settlement and carry-over procedures;
- (5) the borrowing, expenditure and repayment of government debt administered by the finance department;
- (6) the receipt, classification, retention, refund and payment of budget revenues, and the disbursement of budget expenditure funds, by the state treasury in accordance with relevant state provisions;
- (7) the annual budget implementation and final accounts of the various departments at that level (including directly affiliated entities);
- (8) the revenues and expenditures of budget funds under special administration in accordance with relevant state provisions;
- (9) the comprehensive government financial reports and departmental financial reports;
- (10) other matters related to budget implementation, final accounts and other fiscal revenues and expenditures prescribed by laws and regulations.

Article 21 — The audit results report as referred to in Article 19 of the Audit Law shall include:

- (1) the basic situation of the implementation of the budget at the corresponding level, the draft final accounts and other fiscal revenues and expenditures, and the management and use of state-owned resources and state-owned assets;
- (2) the audit evaluations made by audit institutions on the implementation of the budget at the corresponding level, the draft final accounts and other fiscal revenues and expenditures, and the management and use of state-owned resources and state-owned assets;

- (3) the problems existing in the implementation of the budget at the corresponding level, the draft final accounts and other fiscal revenues and expenditures, and in the management and use of state-owned resources and state-owned assets, and the measures taken by audit institutions in accordance with the law;
- (4) the suggestions put forward by audit institutions for improving the implementation of the budget at the corresponding level, the draft final accounts and other fiscal revenues and expenditures, and the management and use of state-owned resources and state-owned assets;
- (5) other matters required to be reported by the people's government at the corresponding level.

Article 22 — The National Audit Office shall audit and supervise, in accordance with the law, the financial revenues and expenditures arising from the performance of duties by the central bank and its branches and sub-branches.

The audit results report submitted by the National Audit Office to the Premier of the State Council shall include the audit of the financial revenues and expenditures of the central bank.

Article 23 — The enterprises and financial institutions in which state-owned capital holds a controlling or dominant position as referred to in Article 22 of the Audit Law include:

- (1) those in which the proportion of state-owned capital in the total capital (share capital) of the enterprise or financial institution exceeds 50%;
- (2) those in which the proportion of state-owned capital in the total capital (share capital) of the enterprise or financial institution is below 50%, but where the state-owned capital investor holds actual control.

Article 24 — The construction projects fully or mainly funded by government investment as referred to in Article 23 of the Audit Law include:

- (1) those funded entirely with budget-allocated funds;
- (2) those not funded entirely with budget-allocated funds, where the budget-allocated funds account for more than 50% of the total project investment, or account for 50% or less of the total project investment but the government holds actual control over project construction and operation.

Audit institutions shall audit and supervise, in accordance with the law, the implementation of the overall budget or budget estimate of the construction projects specified in the preceding paragraph, the implementation of their annual budgets, their annual final accounts, project settlements and completion final accounts; when auditing the construction projects specified in the preceding paragraph, audit institutions may investigate the authenticity and legality of the project funds obtained by the design, construction, supply and other relevant entities.

Article 25 — The major public works projects concerning state interests and public interests as referred to in Article 23 of the Audit Law include:

- (1) major public works projects funded wholly or mainly with public funds administered by government departments or administered under government commission;
- (2) major public works projects in which the government cooperates with private capital using state-owned resources or state-owned assets;
- (3) major public works projects invested in by state-owned enterprises, state-owned financial institutions, and enterprises and financial institutions in which state-owned capital holds a controlling or dominant position;
- (4) other major public works projects in infrastructure, public utilities and other fields concerning state interests and public interests.

Article 26 — The social insurance funds and the national social security fund as referred to in Article 24 of the Audit Law mean the social insurance funds and the national social security fund prescribed by the Social

Insurance Law of the People's Republic of China; the donated funds to public welfare as referred to therein include donations of money, securities, physical goods and other forms from within and outside China.

Article 27 — The aid and loan projects of international organizations and foreign governments as referred to in Article 25 of the Audit Law include:

- (1) loan projects provided by international organizations, foreign governments and their institutions to the Chinese government and its institutions;
- (2) loan projects provided by international organizations, foreign governments and their institutions to Chinese enterprises, public institutions and other organizations and guaranteed by the Chinese government and its institutions;
- (3) aid and grant projects provided by international organizations, foreign governments and their institutions to the Chinese government and its institutions;
- (4) aid and grant projects provided by international organizations, foreign governments and their institutions to entities that administer relevant funds under the commission of the Chinese government;
- (5) other aid and loan projects provided by international organizations and foreign governments and their institutions.

Article 28 — Audit institutions shall have the power to conduct special audit investigations, in accordance with the audit procedures and methods prescribed by the Audit Law and these Regulations and other relevant state provisions, into specific matters related to state fiscal revenues and expenditures, such as budget administration or the management and use of state-owned resources and state-owned assets, involving relevant localities, departments and entities.

Article 29 — Audit institutions shall determine the scope of their audit jurisdiction in accordance with the fiscal and financial subordination relationships of audited entities; where the scope of audit jurisdiction cannot be determined on the basis of fiscal and financial subordination relationships, it shall be determined on the basis of the supervision and administration relationships over state-owned resources and state-owned assets.

Financial institutions, enterprises, public institutions and organizations, and construction projects invested in by two or more state-owned capital investors shall be audited and supervised by the audit institution having audit jurisdiction over the principal investor.

Article 30 — Audit institutions at various levels shall perform audit supervision in accordance with the determined scope of audit jurisdiction.

Article 31 — The internal audit work of audited entities shall be subject to the professional guidance and supervision of audit institutions.

Based on the needs of their internal audit work, audited entities may join internal audit self-regulatory organizations established in accordance with the law. Audit institutions may strengthen professional guidance and supervision of internal audit work through internal audit self-regulatory organizations.

Article 32 — When conducting audits or special audit investigations, audit institutions shall have the power to verify the relevant audit reports issued by public audit institutions.

Where, in verifying audit reports issued by public audit institutions, audit institutions discover that the public audit institutions have violated laws, regulations or professional standards, the matter shall be transferred to the competent authorities for accountability in accordance with the law.

Chapter IV — Powers of Audit Institutions

Article 33 — Audited entities shall, in accordance with Article 34 of the Audit Law and as required by audit institutions, provide financial and accounting materials as well as business, management and other materials related to fiscal revenues and expenditures and financial revenues and expenditures, including electronic data and relevant documents. The persons in charge of audited entities shall be responsible for the timeliness, authenticity and completeness of the materials provided by their entities and shall make written commitments accordingly.

Article 34 — The finance, tax and other departments at various levels (including directly affiliated entities) shall submit the following materials to the audit institutions at the corresponding level:

- (1) the budget at the corresponding level approved by the people's congress at the corresponding level and the budgets allocated by the finance department of the people's government at the corresponding level to the various departments at that level (including directly affiliated entities), the annual revenue targets of the departments and entities collecting budget revenues, and the budgets allocated by the various departments at that level (including directly affiliated entities) to their subordinate entities;
- (2) monthly and annual reports on the implementation of budget revenues and expenditures at the corresponding level, the completion of the revenue targets of the departments and entities collecting budget revenues, and the final accounts;
- (3) comprehensive annual statistical reports and briefings on fiscal and tax work, and rules and regulations on finance, budgets, state-owned resources, state-owned assets, taxation, and financial and accounting affairs;
- (4) the draft final accounts of their respective departments compiled by the various departments at that level (including directly affiliated entities).

Article 35 — Where audit institutions inquire, in accordance with Article 37 of the Audit Law, into the accounts of audited entities held at financial institutions, a notice of assistance in inquiring into entity accounts shall be issued with the signature of the person in charge of the audit institution of the people's government at or above the county level; where the deposits of other entities and individuals at financial institutions related to the audit matters are inquired into, a notice of assistance in inquiring into the deposits of entities and individuals shall be issued with the signature of the principal person in charge of the audit institution of the people's government at or above the county level. When conducting inquiries, there shall be no fewer than two auditors, who shall present their work credentials and the notice of assistance in inquiry.

The relevant financial institutions shall provide assistance, promptly provide evidentiary materials, and shall not disclose the relevant information. Audit institutions and auditors shall bear confidentiality obligations.

Article 36 — The assets obtained in violation of state provisions as referred to in Article 38 of the Audit Law include:

- (1) fiscal appropriations, physical goods and loans from financial institutions obtained by fraud or deception;
- (2) assets obtained through preferential policies such as state subsidies, allowances, interest subsidies, interest exemptions, tax reductions, tax exemptions and tax refunds enjoyed in violation of state provisions;
- (3) money, securities and physical goods collected from others in violation of state provisions;
- (4) gains obtained from disposing of state-owned assets in violation of state provisions;
- (5) other assets obtained in violation of state provisions.

Article 37 — Where audit institutions seal up, in accordance with Article 38 of the Audit Law, the relevant materials of audited entities and the assets obtained in violation of state provisions, they shall hold a sealing notice issued with the signature of the person in charge of the audit institution of the people's government at or above the county level, and shall lift the sealing after collecting evidentiary materials related to the audit

matters in accordance with the law or taking other measures. The sealing period shall be within 7 days; where an extension is necessary under special circumstances, it may be appropriately extended with the approval of the person in charge of the audit institution of the people's government at or above the county level, but the extended period shall not exceed 7 days.

For the sealed materials and assets, audit institutions may designate the audited entities to keep them, and the audited entities shall not damage or transfer them without authorization.

Article 38 — Audit institutions may, in accordance with Article 40 of the Audit Law, notify the relevant government departments of, or make public to society, the results of audits and special audit investigations of audited entities.

After consultation with the relevant competent authorities, audit institutions may, together with the audit and special audit investigation results made public, publish the results of the verification of audit reports issued by public audit institutions.

Where audit institutions intend to make public the audit and special audit investigation results of listed companies, they shall inform the listed companies of the content to be published five days in advance.

Article 39 — Where audit institutions request assistance from relevant authorities in accordance with Article 41 of the Audit Law, they shall specify the matters for which assistance is needed and the relevant work requirements. The relevant authorities shall, as required by the audit institutions, assist in taking relevant measures, provide relevant materials and professional technical support in accordance with the law, cooperate in the audit work, and shall not disclose the relevant information.

Chapter V — Audit Procedures

Article 40 — Audit institutions shall, in accordance with laws, regulations and other relevant state provisions and as required by the people's government at the corresponding level and the audit institution at the next higher level, determine the priorities of the annual audit work, draw up the annual audit project plan, and submit it for approval in accordance with the prescribed procedures.

Where audit institutions determine in the annual audit project plan to audit enterprises and financial institutions in which state-owned capital holds a controlling or dominant position, they shall inform such enterprises and financial institutions included in the annual audit project plan within 7 days from the date of determination.

Article 41 — Audit institutions shall, in accordance with the annual audit project plan, form audit teams, investigate and understand the relevant situation of the audited entities, draw up audit plans, and serve audit notices on the audited entities three days before the audit is conducted.

Article 42 — The special circumstances as referred to in Article 42 of the Audit Law include:

- (1) handling urgent matters;
- (2) the audited entity is suspected of serious violations of laws and regulations;
- (3) other special circumstances.

Article 43 — When conducting audits, auditors shall follow the following provisions:

- (1) conduct audits through examination, inquiry, supervised stocktaking, confirmation letters and other methods;
- (2) obtain evidentiary materials through collecting originals, collecting original objects, reproduction, photography and other methods;
- (3) make records of meetings and conversations related to the audit matters, or require the audited entities to provide meeting minutes;

(4) record the audit implementation process and verification results.

Article 44 — Evidentiary materials obtained by auditors through investigation from relevant entities and individuals shall bear the signatures or seals of the providers; where the signatures or seals of the providers cannot be obtained, the auditors shall note the reasons.

Article 45 — Before submitting an audit report to the audit institution, the audit team shall solicit the opinions of the audited entity in writing. The audited entity shall submit written opinions within 10 days from the date of receiving the audit report of the audit team; where no written opinions are submitted within 10 days, the entity shall be deemed to have no objection.

The audit team shall further verify the situation in light of the written opinions submitted by the audited entity, make necessary revisions to its audit report, and submit it to the audit institution together with the written opinions of the audited entity and the extent to which they were adopted.

Article 46 — After the relevant operational bodies, specialized bodies or personnel of the audit institution have reviewed and examined the audit report of the audit team and the related audit matters, the audit institution shall handle the matter in accordance with the following provisions:

(1) issue the audit report of the audit institution, the content of which mainly includes: the basic situation of the audited entity, the audit evaluation of the audit matters, the problems identified in the audit and the rectification requirements raised by category, and suggestions for improving the management of fiscal revenues and expenditures and financial revenues and expenditures;

(2) where acts violating state provisions on fiscal revenues and expenditures or financial revenues and expenditures shall be handled or punished in accordance with the law, make audit decisions on handling or punishment within the scope of statutory functions;

(3) where matters shall be transferred to supervisory authorities, judicial authorities and relevant competent authorities and entities for handling or punishment, transfer them in accordance with the law.

Article 47 — Where audit institutions discover, in the course of an audit, matters harmful to state interests and public interests for which the basis for handling or punishment is not clear, they shall report to the people's government at the corresponding level and the audit institution at the next higher level.

Article 48 — Audited entities shall bear the primary responsibility for rectifying audit findings, implement the rectification requirements and audit decisions within the time prescribed by the audit institutions, and report the rectification in writing in accordance with the provisions. For amounts that shall be turned over, audited entities shall pay them into the state treasury or fiscal special accounts in accordance with the fiscal management system and relevant state provisions.

The departments of the State Council, local people's governments at various levels and relevant competent authorities and entities shall strengthen overall coordination and urge audited entities to rectify the problems identified in audits; for widespread, trending and emerging problems, they shall correct them in a timely manner and establish and improve relevant rules.

Audit institutions shall follow up and inspect the rectification by audited entities and promptly review and confirm it.

Article 49 — Audit institutions at higher levels shall supervise, in accordance with the law, the audit operations of audit institutions at lower levels.

Where audit decisions made by audit institutions at lower levels violate relevant state provisions, the audit institutions at higher levels may order the audit institutions at lower levels to change or revoke them, or directly make decisions to change or revoke them; where an audit decision needs to be made anew after revocation, the audit institution at the higher level may order the audit institution at the lower level to make a new audit decision within the prescribed time limit, or directly make the audit decision.

Where an audit institution at a lower level should have made but did not make an audit decision, the audit institution at the higher level may order it to make the audit decision within the prescribed time limit, or directly make the audit decision.

Article 50 — When conducting special audit investigations, audit institutions shall present written notices of special audit investigation to the localities, departments and entities under investigation and explain the relevant situation; the relevant localities, departments and entities shall accept the investigation, truthfully reflect the situation and provide relevant materials.

Where, in the course of a special audit investigation, audited entities are found to have committed acts violating state provisions on fiscal revenues and expenditures or financial revenues and expenditures, or other violations of laws and regulations, audit institutions may, in accordance with the Audit Law and these Regulations, issue audit reports, make audit decisions, or transfer the matters to supervisory authorities, judicial authorities and relevant competent authorities and entities for handling or punishment, and pursue liability in accordance with the law.

Article 51 — Audit institutions shall establish and improve the audit archives system in accordance with relevant state provisions.

Article 52 — Audit institutions may serve audit documents by direct service, postal service or other means. For direct service, the date of receipt indicated by the audited entity on the service certificate or the receipt date certified by witnesses shall be the service date; for postal service, the receipt date indicated on the postal receipt shall be the service date; for service by other means, the date of signing or receipt shall be the service date.

The types, content and format of audit documents of audit institutions shall be prescribed by the National Audit Office.

Chapter VI — Legal Liability

Article 53 — Where an audited entity, in violation of the Audit Law and these Regulations, refuses or delays providing materials related to the audit matters, or provides untruthful or incomplete materials, or refuses or obstructs the examination, investigation or verification of relevant information, the audit institution shall order it to make corrections, may circulate a notice of criticism and give a warning; where it refuses to make corrections, the audited entity may be fined not more than RMB 50,000, and the directly responsible persons in charge and other directly liable persons may each be fined not more than RMB 20,000; where the audit institution considers that sanctions should be imposed in accordance with the law, it shall put forward handling suggestions to the audited entity, or transfer the matter to supervisory authorities and relevant competent authorities and entities.

Where other entities and individuals related to the audit matters refuse to cooperate with the audit or obstruct auditors in performing their duties in accordance with the law, the audit institution shall order them to make corrections.

Where the acts specified in the preceding two paragraphs constitute violations of public security administration, the public security authorities shall impose public security administrative penalties in accordance with the law; where they constitute crimes, criminal liability shall be pursued in accordance with the law.

Article 54 — For acts of the various departments at the corresponding level (including directly affiliated entities) and people's governments at lower levels that violate budget provisions or commit other acts violating state provisions on fiscal revenues and expenditures, audit institutions shall, within the scope of their statutory functions and in accordance with laws and administrative regulations, take the handling measures prescribed in Article 49 of the Audit Law according to the different circumstances.

Article 55 — For acts of audited entities violating state provisions on financial revenues and expenditures, audit institutions shall, within the scope of their statutory functions, take the handling measures prescribed in Article 49 of the Audit Law according to the different circumstances, may circulate a notice of criticism and give a warning; where there are illegal gains, the illegal gains shall be confiscated and a fine of not less than one time and not more than five times the illegal gains shall be imposed; where there are no illegal gains, a fine of not more than RMB 50,000 may be imposed; the directly responsible persons in charge and other directly liable persons may each be fined not more than RMB 20,000; where the audit institution considers that sanctions should be imposed in accordance with the law, it shall put forward handling suggestions to the audited entity, or transfer the matter to supervisory authorities and relevant competent authorities and entities; where the acts constitute crimes, criminal liability shall be pursued in accordance with the law.

Where laws and administrative regulations provide otherwise for the handling and punishment of acts of audited entities violating state provisions on financial revenues and expenditures, such provisions shall prevail.

Article 56 — Before making a penalty decision of a relatively large fine or confiscation of relatively large illegal gains, audit institutions shall inform the audited entities and relevant personnel of their right to request a hearing. The specific standards for relatively large fines and relatively large illegal gains shall be prescribed by the National Audit Office.

Article 57 — The relevant competent authorities and entities shall promptly make decisions in accordance with the law on the handling suggestions put forward by audit institutions and the matters transferred thereto.

Article 58 — Where an audited entity refuses to accept an audit decision made in the course of audit supervision conducted in accordance with Articles 18 and 19 of the Audit Law and Article 19 of these Regulations, it may, within 60 days from the date of service of the audit decision, request an adjudication by the people's government at the same level as the audit institution, and the adjudication of the people's government at the corresponding level shall be final.

Audit institutions shall, in their audit decisions, inform audited entities of the channel and time limit for requesting adjudication.

During the adjudication period, the execution of the audit decision shall not be suspended. However, execution may be suspended under any of the following circumstances:

- (1) the audit institution considers that execution should be suspended;
- (2) the people's government accepting the adjudication request considers that execution should be suspended;
- (3) the audited entity applies for suspension of execution, and the people's government accepting the adjudication request considers the request reasonable and decides to suspend execution.

Adjudications shall be handled by the legal affairs department of the people's government at the corresponding level. Adjudication decisions shall be made within 60 days from the date of receipt of the request; where an extension is necessary under special circumstances, it may be appropriately extended with the approval of the person in charge of the government's legal affairs department, and the audit institution and the audited entity requesting adjudication shall be informed, but the extended period shall not exceed 30 days.

Article 59 — Except for the audit decisions for which adjudication may be requested under Article 58 of these Regulations, where an audited entity refuses to accept other audit decisions made by an audit institution, it may apply for administrative reconsideration or bring an administrative lawsuit in accordance with the law.

Audit institutions shall, in their audit decisions, inform audited entities of the channel and time limit for applying for administrative reconsideration or bringing an administrative lawsuit.

Article 60 — Where an audited entity refuses to rectify the problems identified in an audit, fails to rectify them to the required extent, or rectifies them falsely, the audit institution shall order it to make corrections, may circulate a notice of criticism and give a warning; where the audit institution considers that sanctions should be imposed on the directly responsible persons in charge and other directly liable persons in accordance with the law, it shall put forward handling suggestions to the audited entity, or transfer the matter to supervisory authorities and relevant competent authorities and entities; where the acts constitute crimes, criminal liability shall be pursued in accordance with the law.

Where an audited entity fails to execute an audit decision, the audit institution shall order it to execute the decision within a time limit; where it still fails to execute the decision after the time limit, the audit institution may apply to the people's court for compulsory enforcement.

Article 61 — Where auditors abuse their powers, commit malpractice for personal gain, neglect their duties, or divulge or illegally provide to others state secrets, work secrets, trade secrets, personal privacy and personal information obtained in the course of their duties, sanctions shall be imposed in accordance with the law; where the acts constitute crimes, criminal liability shall be pursued in accordance with the law.

Property obtained by auditors through violations of laws and disciplines shall be recovered, confiscated or ordered to be returned in accordance with the law.

Chapter VII — Supplementary Provisions

Article 62 — "Not less than" and "not more than" as used in these Regulations include the given figures.

Where the last day of a period prescribed in Article 58 of these Regulations falls on a statutory holiday, the period shall expire on the first working day after the holiday. Other periods prescribed by the Audit Law and these Regulations shall be calculated in working days, excluding statutory holidays.

Article 63 — Economic accountability audits of leading officials and outgoing audits of natural resource assets shall be conducted in accordance with the Audit Law, these Regulations and the relevant provisions.

Article 64 — These Regulations shall come into force on December 1, 2026.

Disclaimer: This English translation is provided for reference and informational purposes only. It is an unofficial translation prepared by Dan Young Business Consultancy for the convenience of English-speaking readers. In the event of any discrepancy or inconsistency between this English translation and the original Chinese text, the official Chinese version shall prevail. This translation does not constitute legal advice.