Regulations on Chief Accountants of China (the PRC)

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purpose of determining the powers and status of chief accountants, and giving play to the role of chief accountants in strengthening economic management and improving economic efficiency.

Article 2 — Large and medium-sized enterprises owned by the whole people shall appoint chief accountants; public institutions and competent business departments may appoint chief accountants, with approval, where necessary. The establishment, powers, appointment and removal, and rewards and punishment of chief accountants shall be implemented in accordance with the provisions of these Regulations.

Article 3 — A chief accountant is a member of the administrative leadership of a unit, assists the principal administrative leader of the unit in his or her work, and is directly responsible to the principal administrative leader of the unit.

Article 4 — In any unit that establishes the post of chief accountant, no deputy post overlapping the powers of the chief accountant shall be established among the members of the unit's administrative leadership.

Article 5 — A chief accountant organizes and leads the work of the unit in financial management, cost management, budget management, accounting and accounting supervision, and participates in the analysis of and decision-making on important economic issues of the unit.

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Article 6 — A chief accountant specifically organizes the unit in implementing the relevant financial and economic laws, regulations, guidelines, policies and systems of the State, and protects State property. The powers of a chief accountant are protected by State law. The principal administrative leader of the unit shall support and guarantee the chief accountant in exercising his or her powers in accordance with law.

Chapter II — Duties of Chief Accountants

Article 7 — A chief accountant is responsible for organizing the following work of the unit: (1) preparing and executing budgets, financial revenue and expenditure plans and credit plans, formulating plans for raising and using funds, opening up financial resources, and using funds effectively; (2) carrying out the forecasting, planning, control, accounting, analysis and assessment of costs and expenses, and urging the relevant departments of the unit to reduce consumption, economize on expenses and improve economic efficiency; (3) establishing and improving the economic accounting system, and using financial and accounting materials to conduct analysis of economic activities; and (4) handling other work assigned by the principal administrative leader of the unit.

Article 8 — A chief accountant is responsible for proposing plans for the establishment of the unit's financial and accounting organs and the allocation of accounting personnel, and for the establishment and appointment to professional accounting posts; organizing the professional training and assessment of accounting personnel; and supporting accounting personnel in exercising their powers in accordance with law.

Article 9 — A chief accountant assists the principal administrative leader of the unit in making decisions on such matters as the production and operation of enterprises, the business development of administrative and public institutions, and capital construction investment. A chief accountant participates in the formulation of plans for the development of new products, technical transformation, scientific and technological research, the prices of commodities (services) and wages and bonuses, and participates in the study and review of major economic contracts and economic agreements.

Chapter III — Powers of Chief Accountants

Article 10 — A chief accountant has the power to stop or correct acts that violate the financial and economic laws, regulations, guidelines, policies and systems of the State or that may cause economic loss or waste. Where stopping or correcting such acts is ineffective, the matter shall be referred to the principal administrative leader of the unit for handling. Where the principal administrative leader of the unit does not agree with the chief accountant's opinion on the handling of the acts referred to in the preceding paragraph, the chief accountant shall implement the matter in accordance with the relevant provisions of the Accounting Law of the People's Republic of China.

Article 11 — A chief accountant has the power to organize the work of the unit's functional departments and directly subordinate grass-roots organizations in economic accounting, financial accounting and cost management.

Article 12 — A chief accountant takes charge of the examination and approval of financial revenue and expenditure. Except for ordinary financial revenue and expenditure, which may be examined and approved by the person in charge of the financial and accounting organ authorized by the chief accountant or by other designated personnel, major financial revenue and expenditure must be examined and approved by the chief accountant or submitted by the chief accountant to the principal administrative leader of the unit for approval.

Article 13 — Budgets, financial revenue and expenditure plans, cost and expense plans, credit plans, special financial reports and final accounting statements must be signed by the chief accountant. Major business plans, economic contracts and economic agreements involving financial revenue and expenditure must be

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countersigned by the chief accountant within the unit.

Article 14 — The employment, promotion, transfer, rewards and punishment of accounting personnel shall be subject to the prior solicitation of the opinion of the chief accountant. Candidates for the person in charge of the financial and accounting organ or the chief accounting officer shall be subject to professional assessment by the chief accountant and examined and approved in accordance with the relevant provisions.

Chapter IV — Appointment, Removal, Rewards and Punishment

Article 15 — The chief accountant of an enterprise shall be nominated by the principal administrative leader of the unit and appointed or engaged by the competent government department; the procedures for removal or dismissal shall be the same as those for appointment or engagement. The chief accountant of a public institution or a competent business department shall be appointed or engaged in accordance with the authority for cadre administration; the procedures for removal or dismissal shall be the same as those for appointment or engagement.

Article 16 — A chief accountant must satisfy the following conditions: (1) adhering to the socialist orientation and actively serving socialist construction and reform and opening up; (2) adhering to principle and being honest and devoted to public duty; (3) after obtaining the qualification of an accountant, having taken charge of the financial and accounting work of a unit or of an important aspect of a unit for not less than three years; (4) having a relatively high theoretical and policy level, being familiar with the financial and economic laws, regulations, guidelines, policies and systems of the State, and mastering the relevant knowledge of modern management; (5) possessing the basic professional knowledge of the industry concerned, being familiar with the circumstances of the industry, and having relatively strong organizational and leadership abilities; and (6) being in good health and competent for the work of the post.

Article 17 — A chief accountant who has achieved outstanding results in work and who falls under any of the following circumstances shall be rewarded in accordance with the provisions of the State on rewards and punishment for enterprise staff and workers or for staff members of State administrative organs: (1) having achieved outstanding results in strengthening financial and accounting management, applying modern accounting methods and technical means, and improving the level of financial management and economic efficiency; (2) having achieved outstanding results in organizing economic accounting, tapping the potential for increasing production and economizing and for increasing revenue and reducing expenditure, accelerating the turnover of funds, and improving the effectiveness of the use of funds; (3) having made outstanding contributions in safeguarding State financial and economic discipline, resisting illegal acts, protecting State property, and preventing or avoiding major losses to State property; (4) having outstanding deeds in the building of clean government; or (5) having other outstanding achievements or exemplary deeds.

Article 18 — A chief accountant who falls under any of the following circumstances in work shall, according to the seriousness of the circumstances, be punished in accordance with the provisions of the State on rewards and punishment for enterprise staff and workers or for staff members of State administrative organs: (1) violating laws, regulations, guidelines, policies and the financial and economic systems, thereby causing serious disorder in financial and accounting work; (2) failing to resist, stop or report acts of tax evasion or tax fraud, withholding income that should be turned over to the State, indiscriminately granting bonuses or subsidies, squandering and wasting State funds and materials, or harming the interests of the State, thereby causing loss to the interests of the State; (3) causing serious errors within the scope of the work in his or her charge, or causing loss to the interests of the State through dereliction of duty; (4) abusing power for personal gain, resorting to fraud or engaging in malpractices for personal gain, thereby causing loss to the interests of the State or producing a bad influence; or (5) committing other acts of dereliction of duty and serious errors. Where a chief accountant commits any of the acts listed in the preceding paragraph and the circumstances are serious enough to constitute a crime, the judicial organ shall investigate his or her criminal

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responsibility in accordance with law.

Article 19 — Where the principal administrative leader of a unit obstructs a chief accountant in exercising his or her powers, or retaliates against or covertly retaliates against him or her, the superior competent unit shall impose an administrative sanction according to the circumstances. Where the circumstances are serious enough to constitute a crime, the judicial organ shall investigate criminal responsibility in accordance with law.

Chapter V — Supplementary Provisions

Article 20 — Urban and rural collectively owned enterprises and public institutions that need to establish the post of chief accountant shall implement these Regulations by reference.

Article 21 — The provinces, autonomous regions and municipalities directly under the Central Government, and the various departments of the State Council, may formulate implementing measures in light of the actual circumstances of their respective regions or departments in accordance with the provisions of these Regulations.

Article 22 — These Regulations shall be interpreted by the Ministry of Finance.

Article 23 — These Regulations shall be implemented as of the date of promulgation. The Several Provisions on the Establishment of Chief Accountants in State-Owned Industrial and Transport Enterprises (Draft) approved and transmitted by the State Council on October 18, 1963 from the State Economic Commission and the Ministry of Finance, and the provisions concerning chief accountants in the Regulations on the Powers of Accounting Personnel issued by the State Council on September 12, 1978, shall be repealed simultaneously.

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