

Development Plan of Accounting Sector in China (2016-2020)

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The Development Plan of Accounting Sector in China (2016-2020) (hereinafter referred to as the Plan) is formulated to implement the requirements of *the Fifth Plenary Session of the 18th Central Committee of the Communist Party of China* and *the Outline of the Thirteenth Five-Year Plan for the Economic and Social Development of the People's Republic of China (2016-2020)* (hereinafter referred to as the 13th National Five-Year Plan). It aims to promote the accounting sector to seize opportunities ahead and achieve sustainable and healthy development in a scientific and comprehensive way with clear-cut development objectives, consensus and coordinated actions, so as to better serve national constructions (China's development).

I Status of accounting sector

During the 12th Plan, centering on the theme of serving national constructions and the priority of integrity-building, the accounting sector has comprehensively implemented its development strategies and promoted innovative management and services, making new development achievements. During the last five years, professional standards have been converging with the international counterparts, the informatization has steadily improved, leading talents have played an increasingly important role, the non-audit services have been expanded substantially and the revenue has maintained a fast growth rate with a significantly improved structure. The strategy of promoting more competitive and bigger accounting firms and the requests of developing fine SMPs offering specialized services have also made new progress.

As of December 31, 2015, there were 8,374 accounting firms (including 1,001 branches) in China, of which, 49 earned an annual revenue of over RMB100 million Yuan; 13 earned over RMB one billion Yuan; six earned over RMB two billion Yuan; and four earned over RMB three billion Yuan. The number of individual members of the Chinese Institute of Certified Public Accountants (hereinafter referred to as CICPA) exceeded 210,000, including 101,376 practicing members and 113,715 non-practicing members. In 2015, the total revenue of the accounting sector reached RMB 68.971 billion Yuan, representing an average annual growth rate of 13.9% over the last five years; the percentage of revenue from non-assurance services increased from 16% in 2010 to 30% in 2015; the number of enterprises and public institutions served by the accounting sector increased from 3.5 million to 4.2 million, including more than 2,800 listed companies and 5,100 companies listed on the National Equities Exchange and Quotations (NEEQ).

On the other hand, the accounting sector has confronted some prominent problems. For example, it still lacks high-end talents and the certified public accountants (hereinafter referred to as CPA) need to significantly improve professional competence to meet the new demands brought by comprehensive transformation and upgrading. In addition to further diversifying their services and enhancing their skills in exploring overseas markets, accounting firms need to build a

more robust governance framework to solve issues of high turnover rates and unfair low-price competitions, which may undermine the potentials of the accounting sector in upgrading its service capabilities and achieving sustainable and rapid development.

The accounting sector is an important institutional arrangement of the market regulatory system and an important category of high-end services and plays an important role in social management innovation. The more advanced the market economy develops and the deeper the reform and opening up goes, the more significant the accounting sector becomes. The 13th National Five-Year Plan sets forth new national development objectives and missions, providing an important basis for the accounting sector to plan its development over the next five years.

Learning from the practical experiences since its restoration, especially those over the last five years, the accounting sector should comprehend the developmental and construction laws, accurately seize the profound changes in the connotations and conditions of the important national strategic opportunity period and thoroughly understand new opportunities and challenges brought by the strategic layout of national economic and social development. On this basis, by understanding the national circumstances and development missions, it should rise to the challenges ahead with steadfast confidence; by engaging various stakeholders and making the best use of resources in all respects, it should optimize its structure, enhance developmental momentums, resolve problems and shore up areas of weakness, so as to make new achievements during the Plan in the process of serving national constructions.

II Guiding philosophies, basic principles and overall objectives

(1) Guiding philosophies

The accounting sector should fully comprehend the requirements of *the 18th National Congress of CPC and successive sessions of the 18th Central Committee* and thoroughly grasp the essence of the series of important speeches of President Xi Jinping and of his important instructions of “tightly sticking to the theme of serving national constructions and the priority of integrity-building”. Based on the overall “Five-in-One” deployment (simultaneously promoting economic, political, cultural, social and ecological progress) and the strategic layout of “Four Pronged Strategies” (pursuing an all-round in-depth reform, building a moderately well-off society, implementing a comprehensive framework for promoting the rule of law and launching an all-round effort to enforce strict Party discipline), it should consciously practice the development concept that is innovation-driven, coordinated, green, oriented towards global progress and beneficial to all. With professional service capability building at the core and systemic and mechanism innovations and service innovations as the support, the accounting sector should continue to implement the strategies of promoting more competitive and bigger accounting firms, talent training, convergence with international standards, expanding non-audit services as well as informatization in an in-depth way; it should focus on solving problems ahead and advancing transformation and upgrading, so as to match its service capabilities with the national GDP, the national public sector reform, the public resources management demands and the economic globalization process of Chinese economy and make due contribution to the goal of building a well-off society in an all-round way.

(2) Principles

--Insisting on serving overall national constructions. To serve the overall national constructions is a lofty mission of all practitioners and the source for sustainable and rapid development, so the accounting sector must thoroughly understand the overall layout of national constructions and consciously carry out the “Five-in-One” deployment. Based on the important deployment of national reform and development, it should grasp the demands on the market, improve its capabilities, uphold integrity and enhance service capabilities to achieve sustainable and healthy development in the process of serving the overall national constructions.

--Insisting on innovative development. Innovation is an inexhaustible driving force for development. The accounting sector should reach new consensuses through conceptual innovations, provide new momentums through system innovations and adapt to and satisfy new demands brought by the deepening national reform and development through service and supply innovations.

--Insisting on problem-solving orientation. The problem-solving orientation is an important method of development. To have clear missions and a roadmap for development, the accounting sector has to start with identifying the problems and recognizing the primary problems and the primary aspects of such problems. It should focus on solve the priority and foremost problems in the overall development to achieve new breakthroughs.

-- Insisting on compliance with developmental laws. To comply with the developmental laws is an inevitable requirement for scientific development. It should be easier to make achievements if the development policies, management systems and promotion measures are consistent with developmental laws. The accounting sector should have a deeper understanding of the laws of the market economy, of professional service industry, of talent training and of link by people instead of capital within accounting firms, in particular, it should deepen its understanding of the essential requirements and scientific connotations of the theme of serving national constructions and the priority of integrity-building. It should also thoroughly grasp the essence of rule of law, conscientiously observe them and practice them.

--Insisting on an international vision. An international vision is the basic requirement to achieve development by opening up. The accounting sector should grasp its important characteristics as a highly internationalized industry, continue to converge with international standards, speed up its international development, interact with the global accounting sector and closely serve the internationalization of Chinese economy.

--Insisting on talent orientation. The accounting sector is a highly talent - oriented industry where CPAs and other practitioners - the major driving forces for development - are always put first. Its development and the building of accounting firms must be based on the promotion of professionalism, improvement of professional capabilities and the adherence to professional ethics. CPAs should be inspired to pursue innovations, development intention and a stronger

sense of responsibility in an optimized practice environment, personal growth environment and service environment. The prime role of CPAs in management and constructions of accounting sector should be respected through democratic consultation and management. The governance, management and distribution mechanisms within accounting firms should be improved to allow for the participation of CPAs and other practitioners in management and decision-making and sharing of rewards brought by development.

(3) Development objectives

--Professionalization significantly improves. Professionalization is an essential characteristic of the accounting sector as a professional service industry. The fostering and maintenance of professionalism lies at the core of professionalization, while the training and maintenance of professional competence underlies the professionalization. The training of professional values, ethics and attitudes should be reinforced throughout the stages of academic education, occupation qualification examinations, continuing professional education and supervision and inspection of practice quality. Professional competence training should be set as a top priority and be incorporated into the minds of CPAs to enhance their awareness of conscientiously pursuing and upholding professionalism. It is expected that in five years, the number of CICPA membership should reach 300,000, including 140,000 practicing members.

--Marketization improves as a whole. Currently, the problems faced by the accounting sector are basically related to the imperfect professional service market. The accounting service market should be improved by optimizing the supply-side capabilities, expanding demands and regulating market order. More innovative services, wider market coverage, optimized service structure, expanded supplies of integrated services and more specialized services should be achieved on one hand; on the other, brands of accounting firms should be established and promoted and the values of professional services offered by CPAs should be more widely recognized on the market. The order on the accounting service market should be regulated more closely to develop a better pricing mechanism. From 2016 to 2020, it is expected that the total revenue of the accounting sector should have an average annual growth rate of over 10% and the revenue from non-assurance services should account for 40%.

--Informatization improves significantly. The accounting sector should be fully equipped with modern information technology (hereinafter referred to as IT). IT innovations should be fully utilized to upgrade the profession management information system with information facilities as the basis, data resources at the core and technical support and security management as the guarantee. A collaborative Office Automation (OA) system with convenient services should be built, so is an intelligent cloud platform for audit services and an intelligent internal management system. An internet-connected, mobile, and intelligent IT system should be built to promote modernization of professional services.

--Internationalization significantly improves. The accounting sector should continue to reinforce the international convergence of the professional standards and their implementation. CICPA should actively participate in the international accounting organizations and play a more

important role in developing international standards. International networks of accounting firms should be built to expand the international coverage of the professional services offered by Chinese accounting firms, so as to better serve Chinese enterprises, Chinese outbound investors and the “One Belt and One Road” initiative. It is expected that the revenue from global accounting services should account for 15% by 2020.

III Continuing to enhance talent training

The strategy of talent training should be pursued more rigorously to increase the quantities and quality and expand areas of talent training to satisfy the demands for CPAs in national constructions.

(1) Reforming and advancing CPA examination system

The achievements in reforming the basic system, the organization and management system and quality assurance system of CPA examinations should be furthered to create a top-level professional qualification examination brand in China. Career-oriented, principle-based and candidate-friendly examination concepts should be set to improve examination approaches, upgrade the examination quality, optimize examination organization and management and strengthen positive interactions with candidates, so as to meet practice needs and guide candidates in their development of professional ethics and competence.

The CPA examination system should maintain convergence with international counterparts to improve its global recognition and build the Chinese CPA Qualification as a globally recognized accounting qualification.

(2) Deeply implementing leading talent training program

The accounting sector should deeply research the laws of leading talent training and formulate a training guideline covering the selection, training, employment and evaluation links. The selection mechanism of the leading talents should be improved to make it more scientific and standardized. Focusing on the primary strategic emphasis of the national development plans and accounting sector, such training should be categorized to enhance management accounting and IT training, furthermore, “on-the-job” training should be emphasized to build a team of inter-disciplinary leading talents with expertise, leadership and international vision. Research should also be carried out on policies and measures to support leading talent training in central and west China, where local institutes of CPAs should conduct training based on their local economic development and market demands and gradually establish a professional leading talent training system at different levels.

Training should be focused on internationalized talents who are familiar with international accounting and auditing standards as well as the legal environment and market regulations both in emerging economies and developed countries.

(3) Continuing to strengthen professional continuing education

The national talent training policies should be tracked and studied to grasp the laws and requirements for talent development and improve the professional continuing education system and talent training mechanism. Training by levels, categories and modules should be studied in depth to specify CPA training according to stages of professional careers, positions and required competences of CPAs. Accounting firms should establish and refine their human resource management system covering recruitment, training, practice, evaluation, motivation and promotion.

The positioning and division of roles for training bodies, namely the CICPA, local institutes of CPAs, accounting firms and national accounting institutes, should be optimized to allocate training resources more effectively. In view of the new requirements on training under the new reform and development situation, the accounting sector should focus on developing total factor modules and courses for CPAs, especially those on new policies, new standards, new technologies and new services and those package courses with high-tech content and high additional value for high-end demands in special service areas of finance, international services, management consulting and informatization consulting, so as to satisfy demands of accounting firms to undertake such engagements. Institutes of CPAs at all levels should also strengthen the guidelines on the training of personnel playing an assistant role in accounting firms and build case databases and faculty pools.

The innovative “internet plus” training model should be established for a full-featured, secure, convenient and internet-connected online education platform. CPAs and non-practicing members are encouraged to complete the continuing education through the online educational platform.

(4) Enhancing membership development and reserve talent training

Membership development should be further enhanced. The member registration process should be improved. The database on non-practicing members should be upgraded and the continuing education system for those members should be improved. A training organization system that suits the demands and the professional competence of those members should be established. Local institutes of CPAs should enhance the services provided to those members.

Training of reserve talents should be strengthened. Training of the faculty for core courses of CPA Major should be enhanced to support and improve the teaching skills. Excellent students should continue to be selected to join internship programs at overseas accounting firms and the orientation training mechanism that links internship with employment should be furthered. Institutes of CPAs at all levels, accounting firms and universities with CPA Major should work together to build practice - oriented teaching bases. Communication and exchanges between the trainers in the accounting sector and the faculty at universities should be strengthened. The linkage between the CPA qualification examinations and university education should be studied.

IV Strengthening accounting firms

The strategy of promoting more competitive and bigger accounting firms should be continued to improve the integrity and service capabilities of the accounting sector as a whole with big accounting firms improving their comprehensive service capabilities and SMPs offering specialized services on niche markets.

(1) Strengthening professional service capabilities

In view of the actual situation of accounting firms of different sizes, specialties and conditions in different regions, institutes of CPAs at all levels should study to release policies that support big accounting firms becoming more competitive and bigger and SMPs offering specialized services on niche markets. Professionalization and brand building of accounting firms should be advanced to achieve differentiated development.

Big accounting firms are encouraged to strengthen development in talent training, professional standards and technical infrastructure and increase their core competitiveness to serve high-end market and satisfy the demands of large-scale, high-end and global clients. Accounting firms should enhance cooperation with other professional service organizations to improve their comprehensive service capabilities.

SMPs are encouraged to strengthen cooperation and resource-sharing based on the reality of their regions and services, so as to satisfy the diversified demands of clients. Prominent problems ahead of SMPs should be studied in detail and support should be especially provided to those in remote, underdeveloped and poor regions by mobilizing the big accounting firms, position counselling and pairing.

(2) Improving internal governance

The governance structure and management of accounting firms should be further strengthened to advance the integrated management of head offices and branches, promote quality control systems and practice responsibility regulations, improve the remuneration system and increase the transparency of management and major decision-making processes.

Accounting firms under special general partnerships and general partnerships should share their management experience and learn from each other so that they can operate under the principles of lawfulness, link by people, transparency and efficiency in a culture of partnership.

(3) Promoting brand building

Brand building should be put at the core of the strategy of promoting more competitive and bigger accounting firms. Brand strategies should be formulated in a scientific way with accurate

brand positioning and management systems.

CICPA should optimize the indicators in comprehensive evaluation of accounting firms and improve the publishing system of Information on Top 100 Chinese Accounting firms. A merit-based mechanism for selecting accounting firms should be established to strengthen market recognition of the brand values of accounting firms.

(4) Enhancing practice risk control

Accounting firms should enhance education on auditing theories and research on auditing approaches for CPAs; based on the new requirements of informatization, they should establish a robust risk control system to perform better in risk identification, evaluation, management and response.

Awareness of CPAs in risks of civil litigation, civil liabilities and anti-corruption should be raised with more guidance on risk prevention for accounting firms. Accounting firms are encouraged to buy professional liability insurance for their staff with wider insurance coverage.

V Striving to expand professional service market for CPAs

The strategy of expanding non-audit services should be thoroughly implemented to build a professional service market for CPAs. New demands should be channeled, new supplies should be created and the competition mechanism should be regulated on accounting service market.

(1) Enriching supplies of professional services and products

The positioning of audit and assurance services as core services should be strengthened, while internal control audit services should be expanded. The audit and assurance service system should be boosted to accommodate the development of a multi-level capital market. Audit and assurance services provided to big state-owned enterprises, financial institutions and internet companies should be further enhanced. Social organizations, charity organizations, medical and health institutions, universities and research institutions should have access to audit and assurance services.

Supporting services for supply-side structural reform should be expanded. More professional services should be developed in areas of strategic planning, M&A and reorganization, cost control, business process reengineering, risk control, operation management, bankruptcy and liquidation to serve the national missions of “removing excessive production, storage and leverage, cost reduction and rectifying weak links” with high quality.

Government procurement and innovative social management are new service areas to be developed. Taxation, forensic accounting, and assurance on corporate social responsibility (CSR) reports should be further expanded and financial spending and investment performance

evaluation services should be developed. The CPA audit system in the public sector should also be established.

Non-assurance services should be actively explored by expanding the consultancy services in IT systems, e-commerce and carbon emissions. Supporting services for innovation and creativity industries, including high-tech, IT, financial insurance and cultural creative industries, should be developed as a priority.

(2) Enhancing constructions of accounting service demonstration bases

Useful experience gained in constructing the accounting service demonstration bases should be summarized and shared for more bases in key regions, industries and industrial parks. Accounting firms are encouraged to cooperate more effectively with other professional service providers to satisfy diversified market demands, so as to construct comprehensive accounting service clusters led by accounting firms to provide diversified services and industrialized operation.

(3) Optimizing environment on professional service market

The policies for government procurement of professional services should be studied and promoted to optimize a bidding system of accounting services by establishing an open, transparent and indiscriminative bidding process, eliminating the practice of the lowest bid winning which is not compatible with professional services, and continuing to crack down on unfair low-price competition.

Accounting firms should have a sound “rotation system” with a proper service term and “cooling-off” period to better supervise the independence of CPAs.

Accounting firms are requested to improve their pricing mechanisms which should reflect their actual workload, service risks and service quality.

A transparency reporting system by accounting firms auditing the public entities should be studied and explored to facilitate information disclosure on internal governance and quality control system of accounting firms for convenient public supervision.

(4) Raising public recognition of accounting sector

Communication platforms and channels should be expanded to promote the professional values and service capabilities, make a stronger social impact and promote the overall social image of the accounting sector. Accounting firms are encouraged to actively fulfill their CSR and publish the CSR reports.

VI Fully Enhancing internationalization of accounting sector

The strategy of converging with international standards should be adhered to, so as to accelerate the internationalization. The accounting sector should actively participate in the international standards-setting process and the governance of international organizations, promote Chinese CPA Qualification and enhance its internationalization.

(1) Advancing exploration of international market

Accounting firms are encouraged to join international networks to make a greater international impact by participating in governance and decision-making processes. International service capabilities of accounting firms should be improved by making use of the technology, management skills and market resources in the international networks. Accounting firms are encouraged to establish their own international networks.

The international market for the accounting sector should be actively explored to support the “going global” of Chinese companies and capitals and “One Belt and One Road” initiative. International service programs, such as technical assistance of international financial institutions, should be expanded.

(2) Constantly maintaining dynamic convergence with international standards

The auditing standards should be revised to enhance the relevance and usefulness of the audit reports. Standards related to the use of internal audit work, financial statement disclosure, accounting estimate, quality control and group audit should be developed or revised to improve audit quality. Standards on agreed-upon procedures, compilation and review services should be updated to enhance the relevance to SMPs. Assurance standards on greenhouse gas emission and integrated reporting should be formulated to further support the expansion of non-audit services. The impact of data analysis on audit should be studied to update relevant standards. The convergence of the Chinese Code of Ethics for Certified Public Accountants with international counterparts should be maintained. Practice guidance and Q&A should be issued to help accounting firms understand and implement the standards.

The accounting sector should actively participate in the international standard-setting process and strengthen the voice of the accounting sector in such processes.

(3) Proactively participating in governance of global accounting sector

Distinguished Chinese accounting professionals should be recommended to voluntarily serve international accounting organizations as board or committee members. Representatives should also be selected to work in those organizations to make contributions in governing the global accounting sector.

A more effective system for international cooperation should be established by integrating the strategies of “bringing in” and “going global”; wider and deeper collaborations with professional

organizations in other countries and jurisdictions should be enhanced to make use of international resources and learn from global accounting profession. The Chinese CPA Qualification should be promoted internationally by actively recruiting overseas members.

VII Promoting implementation of “Internet + CPA” Action Plan

Faced with the emerging “internet plus” trend, institutes of CPAs at all levels and accounting firms should fully improve their informatization based on inter-connection, data application, information sharing, internet and information security, internet applications, cloud computing and big data.

(1) Reinforcing foundation of informatization

A three-dimensional informatization structure should be established by optimizing the structure and achieving horizontal integration of internal operations and vertical integration of external communications for entities of different categories at various levels. Technical benchmarks for system architecture should be established to ensure expansibility of applications and compatibility and interconnection of various information systems, so as to promote the connection among entities of different categories at various levels. Data cleaning should be conducted to enhance data quality and establish professional databases subject to data security in accordance with the information benchmarks and the requirements on data sharing and statistical decision-making.

(2) Building an intelligent platform of profession service and management

A profession management information system should be established with unified coding, authorization management, filing synchronization and openness and sharing to advance the transition from pure business management support to business management support plus decision-making support. A synchronized OA system should be built up to achieve digital office, mobile office, knowledge sharing and decision-making and improve internal management efficiency and decision-making effectiveness. The databases of laws and regulations and of economic information should be established to expand interconnection among data platforms of various services. A platform of application knowledge databases with functions of risk controls, audit procedures and audit reminders should be established to serve accounting firms. The ultimate goal is to establish an integrity system and explore the feasibility of client evaluation and feedback systems, so as to enhance the public confidence of the accounting sector as a whole.

(3) Building information systems of accounting firms

Accounting firms are encouraged to build cloud platforms for intelligent audit services to break through the bottlenecks in data connection with their clients’ information systems. Accounting firms may gain access to necessary audit informatization resources based on cloud computing

technologies, such as hardware, software, internet and security. Quality control before, during and after audit can be implemented on basis of quality monitoring and risk alerting functions. Data analysis tools should be developed to explore the feasibility of a 100% data test. Accounting firms are encouraged to build an intelligent information system for internal management so that a comprehensive management platform between the head offices and branches, as well as among various departments, can facilitate long-distance office, mobile office and instant office. Basic infrastructure in support of stable, daily and secure operations should be reinforced by accounting firms.

(4) Enhancing data application capabilities

Technical benchmarks for data analytics should be formulated in line with the dynamic technologies and methods brought by IT advancement. CPAs should strengthen their application skills in IT and data technologies to become inter-disciplinary talents. Big data applications should be studied and implemented in areas of relations among audit data, risk identification, precaution and forecast, client analysis, management services and policy support, so as to enhance the capabilities of the accounting sector in data mining, analysis and application.

VIII Reforming and improving regulation

Regulatory inspection is always the major driver for integrity-building, the hub of accounting service development and the monitor of development quality. Regulatory inspection should have innovative philosophies in compliance with independence requirements by strengthening the regulations and rules during-and-after audit and improving the regulation effectiveness.

(1) Strengthening inspection on practice quality

A robust system of inspecting systemic risks of accounting firms should dynamically combine periodical and ad hoc inspections to increase its efficiency and effectiveness. Through a uniform inspection and discipline policy by institutes of CPAs at all levels, a reporting and coordination system for material audit events among local institutes of CPAs should be established to strengthen the inspection team building.

The system of “two random sampling and one timely disclosure” refers to the random selection of entities to be inspected and the random selection of inspectors with a timely disclosure of the inspection status and result. Accounting firms auditing the listed entities should still be subject to an inspection period every three years while accounting firms auditing other entities should be subject to an inspection period every five years.

Regulations on accounting firms auditing listed entities should be studied in the context of the upcoming reform of the security issuance system to better monitor the audit on annual reports of the listed entities.

Inspection and disciplinary systems should be further bolstered to reinforce inspection disciplines and disciplinary actions and enhance the authority of such actions to ensure better practice quality and professional ethics.

(2) Enhancing coordination of regulations on accounting sector among different departments

Coordination among different departments and regulators should be improved by optimizing the regulatory systems and reducing the complexity of multi-party monitoring and repetitive inspections, so as to ensure a coordinated, effective, orderly and healthy regulatory environment.

Communication with stakeholders from relevant professions should be facilitated to conduct collaborated inspections on accounting professionals providing diversified services. One converged code of ethics should be promoted among related organizations.

(3) Comprehensively cracking down on unfair low-price competition

The order of market competition should be regulated to closely supervise and eliminate unfair low-price competition and unethical practices in competition.

IX Improving governance of professional accounting organizations

Institutes of CPAs at all levels should further improve and optimize their governance to play a more important role in regulating and serving the accounting sector and promote management innovations.

(1) Establishing a governance framework

Policies for the reform and development of professional organizations should be tracked and studied to establish a governance framework according to new requirements under new circumstances. The governance framework emphasizes a democratic approach to decision-making, supervision and management to highlight the leading role of CICPA members. The democratic decision-making functions of the council and the executive council are emphasized. Board of supervisors should be established. Specialized (professional) committees should be enhanced to play their respective roles in discussion and consultation.

(2) Enhancing secretariats of institutes of CPAs at all levels

Institutes of CPAs at all levels should strengthen their performance by institution building, training of personnel, culture building and building and improving clean government. They should also strengthen the budget and financial management system. Regulatory processes and procedures should be made available for public supervision. Further reform of human resource systems should be carried out in secretariats at all levels to improve the performance evaluation

system as well as the incentive and discipline mechanisms.

(3) Strengthening service and management of institutes of CPAs at all levels

With the objectives of service, supervision, management and coordination, institutes of CPAs at all levels should improve operation rules and systems to be more effective and more efficient. Policies on membership fees should be reformed to increase the proportion of investment in key areas and raise the efficiency and effectiveness of expenditure. Institutes of CPAs at all levels should be more service-oriented, improve legal rights protections and explore new approaches and ways to provide member services and optimize the service mechanisms.

X Safeguards for implementing Plan

(1) Legal safeguards

The accounting sector should actively participate in law and regulation drafting processes to improve the regulatory systems and strengthen the governance and management with a mindset of rule of law.

(2) Policy safeguards

Policy coordination should be enhanced to formulate the policies that support the development of accounting sector, remove any obstacles ahead and ensure effective implementation of those policies.

(3) Funding safeguards

Institutes of CPAs at all levels should study and develop supporting measures and methods to guide the scientific development of accounting firms and ensure that capital is available for all fields of work based on the respective circumstances. Accounting firms should increase capital investment in all fields to promote their own development.

(4) Organizational safeguards

To implement this Plan and realize the development objectives, Boards, specialized (professional) committees and secretariats of institutes of CPAs at all levels should effectively perform their duties, strengthen work in links of consultation, decision-making and implementation and inspect and evaluate the implementation of the Plan on a regular basis. Based on the Plan, they should further enhance member service awareness and continue to improve services and management.

On the basis of this Plan, institutes of CPAs of all provinces, autonomous regions and municipalities can develop local plans to suit their needs.

(CICPA organized translation of the Plan into English. The Chinese text is the official version and this English text is for reference only.)