Journal of Innovation and Development
ISSN: 2958-4752 | Vol. 17, No. 2, 2026

Research on the Follow-up Audit of Inclusive Finance Policies

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Abstract: This paper studies the follow-up audit of inclusive finance policy implementation in China. Based on the policy life cycle theory, it constructs an audit tracking framework covering policy formulation, implementation, and evaluation. By analyzing 150 audit announcements from 2019 to 2023, the paper identifies major problems such as policy implementation deviations, fund management loopholes, and insufficient audit coverage. It proposes three optimization suggestions: building a fintech-based information sharing platform, strengthening composite audit teams, and establishing a multi-party coordination mechanism to improve audit effectiveness and policy implementation performance.

Keywords: Inclusive finance; Follow-up audit; Audit tracking; Policy implementation; Performance audit.

1. Introduction

1.1. Research Background

The concept of inclusive finance was first proposed by the United Nations in 2005. Based on the principle of sustainable development, it emphasizes serving vulnerable groups such as micro, small, and medium-sized enterprises (MSMEs), farmers, and low-income urban residents. Starting in 2015, China gradually elevated inclusive finance policies to the level of major national policies. The Plan for Promoting the Development of Inclusive Finance (2016–2020) introduced the "two increases and two controls" assessment indicators, clarifying the goals of inclusive finance. The Implementation Opinions of the State Council on Promoting the High-Quality Development of Inclusive Finance issued in 2023 further defined the goals for the next five years, requiring the establishment of a high-quality inclusive finance system and the optimization of financial products and services in key areas. In 2025, the State Council issued the Guiding Opinions on Doing a Good Job in the "Five Major Articles" of Finance, proposing to improve the inclusive finance system, refine the multi-tiered institutional organizational system, and implement differentiated regulation. The essence of inclusive finance policy is to provide appropriate and effective financial services to all strata at an affordable cost. Its core lies in combining market mechanisms with policy support to improve financial infrastructure and innovate service models. Its goals cover multiple dimensions, including the popularization of basic financial services, facilitation of real-economy financing, support for rural revitalization, promotion of common prosperity, and prevention and control of financial risks. In summary, inclusive finance policy is not only a manifestation of the modernization of national governance capacity but also a key path to achieving high-quality economic development and social fairness and justice.

In recent years, although the state has introduced various inclusive finance policies, if follow-up audits of these policies fail to keep pace, the implementation effects, execution status, and degree of implementation cannot be measured. The state invests substantial funds, talent, and technical resources in various special programs for inclusive finance. If MSMEs cannot smoothly enjoy the tax relief benefits they are entitled to for various reasons, or if the benefits they receive are "spat back" through other means, the pressure of difficult and expensive financing will remain unresolved. Low-income groups will still face limited channels and high difficulty in accessing basic financial services and products. This will lead to a waste of national resources, further widen the income gap, increase unsafe factors in systemic financial risks, and even threaten social solidarity and stability. According to the problems in the implementation of inclusive finance policies disclosed in the Audit Work Report on the Implementation of the Central Budget and Other Fiscal Revenue and Expenditure regularly issued by the National Audit Office, it was found that many large and small and medium-sized banks engaged in inflating inclusive loan amounts, deliberately underreporting non-performing assets, and diverting funds to real estate in violation of regulations. Some data lacked authenticity and effectiveness. This shows that China's inclusive finance policies suffer from low implementation intensity and low performance, necessitating further improvement of the audit tracking system and mechanism and strengthening of financial audit supervision.

1.2. Research Significance

Audit tracking serves as an "inspector" and "catalyst" for policy implementation. Auditing inclusive finance policies can clarify responsibilities, define the boundaries of responsibility among financial institutions, regulatory authorities, and local governments, and promote the modernization of the national governance system by optimizing institutional mechanisms. For example, regulatory interviews are conducted with banks that fail to meet inclusive loan growth targets, and audit results are used as a basis for accountability, fostering a long-term mechanism of "daring to lend, willing to lend, and able to lend." It also prevents financial risks. By monitoring the flow of loan funds in real time, high-risk points such as inflated loans and insufficient guarantee compensation capacity can be identified. In 2024, audits recovered 320 million yuan of inflated funds, effectively curbing the idling of financial resources. The application of blockchain technology can also improve the accuracy of risk identification. Furthermore, it corrects deviations in policy implementation. In response to problems such as failure to meet the "two increases" targets

and illegal splitting of loan purposes, audits propose suggestions such as adjusting credit policies and optimizing risk compensation mechanisms, systematically revealing institutional obstacles in policy transmission, and discovering and rectifying problems in a timely manner. Finally, it ensures policy implementation effectiveness through quantifiable performance evaluations to verify policy effects, such as the growth rate of the number of loan households and the decline in comprehensive financing costs. For example, in 2024, the average interest rate for inclusive loans to MSMEs dropped to 4.9%, a decrease of 2.49 percentage points compared with five years ago, thereby promoting social equity and inclusiveness and ensuring that financial resources are tilted toward vulnerable groups such as MSMEs and low-income groups.

1.3. Literature Review

This paper systematically reviews the literature on follow-up audits of inclusive finance policies, focusing on three dimensions: the construction of audit mechanisms, audit methods, and major problems identified in audits, to provide theoretical references for this thesis.

Inclusive finance policies affect micro-entities through the transmission path of "policy formulation – implementation – effect," and the audit mechanism needs to run through the whole process to ensure the achievement of policy goals [1]. Starting from the policy transmission path, constructed a whole-process audit model covering policy formulation, implementation, and effect. The policy formulation stage should examine target synergy, procedural compliance, and content rationality; the implementation stage should monitor the implementation of fiscal subsidies, re-lending policies, and the compliance of financial institution business; the effect stage should evaluate the financial service accessibility, satisfaction, and economic contribution of inclusive groups. Wang Jiahua et al.[2] further constructed an audit framework from a three-dimensional perspective (form, fact, value), emphasizing that the form dimension examines policy compliance, the fact dimension verifies implementation authenticity, and the value dimension evaluates policy effectiveness, forming a multi-dimensional supervision system. Its core lies in ensuring that policy dividends accurately reach target groups through the coordinated linkage of audit institutions, financial institutions, and local governments.

The scientific nature of policy follow-up audit methods directly affects the effect of supervision. Traditional audits mainly focus on financial and compliance audits, emphasizing the review of fund use compliance. Wu Xun and Chen Sijia [3] found that in provincial tax and fee reduction policy audits, financial audits accounted for more than 50%, but the proportion of performance audits was increasing year by year, reflecting a transformation trend from compliance supervision to benefit supervision. Based on 359 provincial audit announcements, Wu Xun pointed out that big data audits are gradually replacing traditional methods, but there are still blind spots in coverage. Their study found that provincial audit institutions discovered problems such as irregular fund supervision and lagging project management through data mining, verifying the potential of technology-driven audit models in improving efficiency. The application of big data and artificial intelligence provides new ideas for audit method innovation. Song Jun [3] discussed the application potential of blockchain technology in inclusive finance audits, proposing to build an audit information platform to achieve real-time data sharing and improve audit efficiency. Wang Jiahua and Wang Chen [2] introduced blockchain technology, advocating the use of smart contracts to achieve audit process transparency and enhance data credibility. Zhang Xiaheng et al. [1] used the PMC index model to quantitatively evaluate 32 inclusive finance policies, finding problems such as insufficient diversity of policy tools and unbalanced coverage of policy objects, verifying the effectiveness of quantitative analysis in policy optimization. However, current audit mechanisms still face challenges such as difficulty in data integration and insufficient cross-departmental coordination, which restrict the improvement of policy supervision effectiveness.

Existing studies generally focus on bottlenecks in the implementation of inclusive finance policies, which can be summarized as follows: First, deviations in policy implementation. Audit tracking results of the National Audit Office show that in some areas, tax and fee reduction policies were not fully implemented, illegal charges were imposed, and financing support was insufficient. Wang Jiahua et al. [2] pointed out that commercial banks paid attention to "form over substance" when implementing inclusive finance policies, and some institutions inflated loan scales to cover non-performing assets. Zhang Xiaheng et al. [1] found conflicts between fiscal and financial policies, weakening implementation effects; and the lack of an accountability mechanism made the cost of violations low, making it difficult to form an effective deterrent . These studies reveal the complexity of policy implementation deviations and emphasize the need to optimize audit supervision from multiple dimensions. Second, loopholes in fund management. Wu Xun [4] found frequent occurrences of illegal collection of administrative fees and detention of special funds. In addition, some financial institutions diverted inclusive loan funds to non-productive purposes, causing policy effects to deviate from expectations. Inclusive finance policies involve multi-departmental and multi-level data, with prominent fragmentation . Audit institutions need to coordinate multi-source data from taxation, finance, and financial regulation, but in practice, there are obstacles such as information asymmetry and insufficient standardization. Third, insufficient audit coverage. Current audits mainly use sampling inspections, making it difficult to achieve full coverage. Zhang Xiaheng et al. [1] pointed out that the large number of MSMEs, irregular operations, and limited data acquisition capabilities of local audit institutions lead to widespread audit blind spots and insufficient transparency of regional audit results.

2. Theoretical Framework of Inclusive Finance Audit Tracking

The essential attributes of inclusive finance policy audit work include compliance audit and performance audit, which work together to ensure the effective implementation of policies. Compliance audit focuses on the legality and standardization of policy implementation, focusing on reviewing whether financial institutions' inclusive loan issuance, fund use, statistical caliber, etc., comply with regulatory requirements. For example, auditing whether large and medium-sized enterprises are illegally classified as small and micro enterprises to enjoy preferential policies, or

whether targeted reserve requirement reduction funds flow into non-inclusive areas. Through penetrative review and process tracing, operational loopholes and implementation deviations are revealed to ensure that policy transmission does not go astray. Performance audit evaluates the economy, efficiency, and effectiveness of policies, focusing on quantitative indicators such as inclusive finance coverage, reduction of financing costs, and service satisfaction. For example, by analyzing data such as the growth of loan households and non-performing loan ratios through big data, it verifies whether policies have achieved the "two increases" goals (growth in loan scale and increase in the number of households). At the same time, combined with the social value dimension, it examines the financial gain of vulnerable groups, such as the improvement of financing convenience for MSMEs. The combination of the two forms a closed loop: compliance audit provides a basis for data authenticity for performance audit, and performance audit feeds back to compliance audit through effect evaluation.

China's inclusive finance policy implementation system is a multi-level and multi-dimensional systematic framework. Through mechanisms such as top-level design, technology empowerment, and coordination, it ensures that policies are effectively transmitted to the real economy. For auditors of inclusive finance policies, a complete plan and feasible practical framework are needed to guide the work. In addition, the situations faced in audit work are often more complex, requiring continuous refinement and updating of audit work plans and continuous improvement of the audit system and mechanism. In China, the People's Bank of China, the National Financial Regulatory Administration, the Finance Bureau, the Tax Bureau, and people's governments at all levels are responsible for soliciting opinions, coordinating the overall situation, formulating a reasonable, effective, focused, and consistent inclusive finance policy plan, and tracking implementation to ensure that the goals of inclusive finance are achieved. Commercial banks, including guarantee institutions and insurance institutions, provide corresponding funds and projects according to policies, which ultimately act on micro-entities of inclusive finance such as MSMEs, low- and middle-income groups in rural and urban areas. In this transmission path of inclusive finance policies, whether policy formulation conforms to the actual situation faced by MSMEs; whether the amounts of various special funds are reasonable and play the maximum utility; whether policymakers engage in "rent-seeking" behavior; whether commercial banks set invisible barriers due to their profit-seeking nature, thereby increasing the difficulty of financing for MSMEs; and whether funds obtained by MSMEs flow to high-risk industries—each step affects the policy effect of inclusive finance, showing that audit work must run through the entire process. Here, drawing on the practices of other scholars, analysis is conducted in three stages based on the life cycle theory of major policies: policy formulation, implementation, and evaluation.

2.1. Inclusive Finance Policy Formulation Stage

The audit tracking of policy formulation is mainly carried out from the following three aspects: First, the synergy of policy issuance, that is, whether each policy-making body adheres to "highlighting the inclusive background of people-oriented," whether the policies issued by each body conform to the national macroeconomic environment, can form a good synergy, and play a joint effect. It is necessary to evaluate whether supporting policies such as fiscal subsidies and risk compensation are perfect to avoid the phenomenon of "policy islands." Whether the objectives of each body are inconsistent, leading to policy contradictions and conflicts. Second, the rationality of policy formulation. Whether the introduction of policies has undergone full market research, expert demonstration, and public opinion solicitation. For example, whether the rediscount policies and deposit reserve adjustment policies formulated by the central bank, and the special inclusive finance plans formulated by fiscal and tax departments adapt to the actual situation faced by inclusive objects, and whether they can be flexibly adjusted according to changes in circumstances. Third, the compliance of policy formulation. Whether policymakers subjectively and intentionally create loopholes in policies, resulting in "rent-seeking" behavior.

2.2. Inclusive Finance Policy Implementation Stage

Inclusive finance policies are mainly implemented by major commercial banks, policy banks, insurance institutions, policy guarantee institutions, and governments at all levels. Audit tracking is carried out from the following aspects: First, the implementation of preferential policies and development special fund budgets announced by fiscal and tax departments, whether the identification of inclusive objects is compliant, whether the flow of funds is open and transparent, whether the Ministry of Finance, the People's Bank of China, and the Regulatory Administration implement information sharing, jointly issue relevant policies, and whether the implementation will cause problems such as overstepping authority, passing the buck, and unclear rights and responsibilities. Second, the completion of performance indicators of financial institutions. Including whether financial service prices such as loan interest rates and guarantee fee rates provided to inclusive objects are better than those for non-inclusive objects, whether the types of financial services are diversified, and the proportion of loans provided to inclusive objects in financial institution loans. Third, the due diligence exemption situation of inclusive credit, creating a good environment for credit personnel to "dare to lend, know how to lend, and be willing to lend."

2.3. Inclusive Finance Policy Evaluation Stage

The evaluation stage of inclusive finance policies targets MSMEs and low- and middle-income groups. Audit tracking is carried out from two aspects: First, the accessibility and quality of inclusive financial services, such as the approval rate of MSMEs applying for inclusive loans, the coverage of financial institution outlets, the non-performing loan ratio of inclusive loans, the growth rate of inclusive loans, and the satisfaction of inclusive objects with services. Second, the effect of inclusive financial services, including the contribution rate of MSMEs to the economy, the number of jobs provided, the achievements of financial projects in poverty alleviation, and the achievements of inclusive finance in assisting agriculture and education and supporting entrepreneurship.

3. Current Status of Inclusive Finance Policy Implementation in China

Facing an exceptionally complex international environment and increasingly severe challenges of reform and opening up, China has continuously increased policy support for inclusive finance, consolidated inclusive financial infrastructure, optimized the inclusive finance development environment, guided financial institutions to continuously improve inclusive finance business mechanisms, enhanced inclusive financial service capabilities, effectively met the financial service needs of MSMEs, "agriculture, rural areas and farmers," and people's livelihoods, strongly supported the steady recovery and development of inclusive financial service groups, and helped consolidate and enhance the momentum of economic recovery. After years of development, China's inclusive finance system has formed a multi-level and wide-coverage pattern.

3.1. Allocation of Inclusive Special Funds

To implement the implementation opinions of the State Council on promoting the high-quality development of inclusive finance and further leverage the guiding and leveraging role of fiscal funds to improve the quality and efficiency of fiscal support for inclusive finance development, combined with recent years of practical experience and new requirements under the new situation, the central government has arranged special transfer payment funds to support inclusive finance development, which are used to support provinces, autonomous regions, municipalities directly under the central government, cities specifically designated in the state plan, and the Xinjiang Production and Construction Corps (hereinafter referred to as provinces) in carrying out interest subsidies for entrepreneurial guaranteed loans, the construction of demonstration zones for central fiscal support for inclusive finance development, and directional fee subsidies for rural financial institutions. As shown in Figure 1, according to the Table of Inclusive Finance Development Special Fund Allocation published by the State Finance Bureau in recent years, it is found that from 2020 to 2024, the allocation of inclusive finance special funds in all provinces showed a fluctuating upward trend. Although there was a decline in some years, the overall trend was upward. Among them, Hubei, Jiangxi, Yunnan, and Gansu allocated significantly higher funds than other regions, showing that China's central inclusive finance development special funds are obviously tilted toward border areas and underdeveloped mountainous areas. The rural population density in Gansu, Yunnan, and Jiangxi is low, and there are many financial institution blank townships; the three regions have outstanding agricultural industry characteristics and fast growth in agricultural-related loans; through models such as "silver-tax interaction" and "credit-easy loan," the policy effectiveness of inclusive finance has been improved. Under the combined effect of multiple factors, these regions are more likely to receive policy. As a populous province, Hubei has a higher demand for the breadth and depth of inclusive financial services, so the central government fills the gaps in financial services through directional fees.

3.2. Inclusive Micro and Small Enterprise Loans

The National Financial Regulatory Administration proposed that banking financial institutions should generally continue to achieve the "two increases" goal for inclusive micro and small enterprise loans with a single household credit of 10 million yuan (inclusive) or less, that is, the growth rate of such loans should not be lower than the growth rate of various loans, and the number of households with loan balances should not be lower than the level at the beginning of the year. It is necessary to strengthen and deepen financial services for micro and small enterprises, support the relief and recovery of micro and small enterprises and high-quality development, stabilize the macroeconomic market, steadily increase the banking industry's credit supply to micro and small enterprises, optimize the credit structure, promote a reasonable decline in comprehensive financing costs, and better provide financing credit enhancement and protection services for micro and small enterprises. As shown in the Table of Inclusive Micro and Small Enterprise Loans of Banking Financial Institutions published by the National Financial Regulatory Administration in recent years (including large commercial banks, joint-stock banks, city commercial banks, rural commercial banks, rural credit cooperatives, rural cooperative banks, and new rural financial institutions), it can be found that from 2020 to 2024, financial loans to micro and small enterprises increased steadily, with large commercial banks growing the fastest, followed by rural financial institutions, then city commercial banks and joint-stock banks. The government explicitly requires large commercial banks to achieve a growth rate of inclusive micro and small enterprise loans of no less than 40%, and strengthens the implementation of inclusive finance policies through mechanisms such as directional reserve requirement cuts, setting the proportion of "first-loan households," and increasing tolerance for non-performing loans. In addition, large commercial banks have high levels of financial technology, high-quality financial services, and strong risk control capabilities, and their loan prices are lower, making them more competitive in 抢占 markets. Although rural financial institutions have not set the same growth targets, they have received special support through the "rural revitalization" policy, such as reward mechanisms for incremental agricultural loans. However, rural financial institutions have low outlet coverage and weak digital transformation capabilities, which affects their growth rate. City commercial banks and joint-stock banks have high costs and weak risk control capabilities, coupled with the sank of large commercial banks, which also produces a "cherry-picking" effect, ultimately resulting in weak competitiveness . However, the policy of increasing credit loans to micro and small enterprises has not changed, striving to continuously increase the proportion of credit loans in the balance of inclusive micro and small enterprise loans, continuously increase the proportion of first-loan households among micro and small enterprise loan households, and achieve a continuous increase in the number of new first-loan households of small and micro enterprises by large banks and joint-stock banks throughout the year.

4. Problems Found in the Audit Tracking of Inclusive Finance Policies

4.1. Objects of Follow-up Audit of Inclusive Finance Policies

The coverage of follow-up audit objects for inclusive finance policy implementation is wide, involving the whole country. This paper searched the announcements of 32 local audit institutions and found 146 Audit Result Announcements on Budget Implementation and Other Fiscal Revenue and Expenditure from 2019 to 2023 in the past five years, of which 125 disclosed problems in the follow-up audit of inclusive finance policy implementation. From 2019 to 2021, the National Audit Office issued 9 Audit Result Announcements on the Implementation of Major National Policies, and Jilin and Hunan provinces issued 10 Audit Result Announcements on the Implementation of Major Policies from 2019, and Shanghai issued an Audit Announcement on the Implementation of Policies for Village Banks to Support Agriculture, Rural Areas and Farmers. Among them, 15 disclosed the follow-up audit results of inclusive finance policy implementation. A total of 150 audit reports disclosed the implementation of inclusive finance policies, with specific amounts as shown in Table 1.

Table 1. Scope of Follow-up Audit Objects for Inclusive Finance Policy Implementation

Year	Number of Provinces Involved	Amount of Funds Involved (10,000 yuan)
2019	12	295,084.81
2020	12	3,638,904.18
2021	10	2,585,117.12
2022	12	626,254.95
2023	11	1,211,801.68

As can be seen from Table 1, the coverage of inclusive finance policies is wide and involves a large amount of funds. However, only some provinces and regions disclosed the follow-up audit results of inclusive finance policies in their audit result announcements. The scope of sampling objects in most provinces was not detailed enough, and the audit amount showed a fluctuating trend. The amount involved in audit results disclosed in 2022 and 2023 was significantly less than that in 2020 and 2021. Although some indicators in audit results cannot be measured by specific amounts, such as the coverage of inclusive financial institution outlets, it can be inferred that the intensity of follow-up audits on inclusive policy implementation in most provinces in China has slightly declined.

Table 2. Amounts Involved in Follow-up Audit of Inclusive Finance Policy Implementation

Year	Amount Related to Assisting Enterprises (10,000 yuan)	Amount Related to Rural Revitalization (10,000 yuan)
2019	221,365.91	73,718.90
2020	3,626,749.75	12,154.43
2021	2,330,047.20	255,069.92
2022	588,535.32	37,719.63
2023	1,183,270.88	28,530.80

4.2. Types of Problems Found in Follow-up Audit of Inclusive Finance Policy Implementation

By sorting out the audit announcements from 2019 to 2023, the disclosed audit problems can be divided into the following two categories: one is assisting enterprises and relieving difficulties, optimizing the business environment for micro and small enterprises; the other is inclusive finance assisting rural revitalization, as shown in Table 2.

Among these two types of problems, the proportion of losses caused by improper allocation and utilization of fiscal subsidies issued for assisting enterprises and relieving difficulties and the rural revitalization strategy was the highest.

1. Optimizing the Business Environment for Micro and Small Enterprises

The audit announcements disclosed a wide variety of problems related to assisting enterprises and relieving difficulties, involving many units, which can be roughly divided into problems in policy formulation, policy implementation, and policy effects. Specific problem types are shown in Table 3.

Table 3. Types of Problems in Follow-up Audit of Inclusive Finance Policy Implementation

Stage	Entity	Types of Problems
Policy Formulation	Governments at all levels	High thresholds for MSME loan applications; imperfect credit granting system for MSME business value; failure to reflect the policy orientation of expanding guarantee loan scale; narrow policy coverage; illegal policy formulation, granting fiscal rewards linked to corporate taxes
Policy Implementation	Financing guarantee institutions	Insufficient publicity, many institutions have not yet launched MSME guarantee business; inadequate post-loan supervision and risk prevention; illegal issuance of entrepreneurial guarantee loans to unqualified enterprises; illegal flow of entrepreneurial loans into real estate and other fields; disguised collection of consulting fees; collection of guarantee fees exceeding standards; illegal classification of large and medium-sized enterprises as small and micro enterprises; low guarantee amount leverage ratio; failure to provision reserves as required
	Governments at all levels	Concealment or underreporting of arrears to private MSMEs; government projects not fully supporting MSMEs; inadequate implementation of tax and fee reduction policies; ineffective implementation of fiscal subsidy policies; failure to strictly perform regulatory duties; failure to arrange budget funds for loan interest subsidies and guarantee fee subsidies as required
	Commercial banks	Illegal transfer of insurance costs; time from application acceptance to loan disbursement for MSMEs exceeding the prescribed limit; failure to meet the required proportion of “first-loan households”; high interest rates for MSMEs, with some banks even rising; insufficient credit structure optimization; loan issuance through deposit-loan linkage, disguised interest rate increase; illegal issuance of micro-loans; insufficient micro-loan issuance efforts, inflated micro-loan amounts
Policy Effect	—	Idle funds, not fully effective; high non-performing loan ratio for inclusive micro and small enterprises

The audit problems in the policy formulation part include the following three aspects: First, policies formulated by the government do not conform to actual situations, such as high thresholds for MSME loans, many restrictions, and imperfect inclusive financial credit granting systems. Second, illegal policy formulation by the government, such as Fujian Province granting fiscal rewards linked to taxes to enterprises without the approval of the State Council, violating the principle of fair market competition. Three cities in Hainan, including Qionghai and Wuzhishan, illegally added terms to entrepreneurial guarantee loans, forcibly requiring lenders to provide counter-guarantees and raising interest rates on entrepreneurial guarantee loans. Third, misplaced incentive mechanisms in government policies. For example, in the inclusive finance policy implemented by Zhengzhou City from 2020 to 2021, it stipulated that fiscal subsidies would be given to banks at 2% of the loan amount for inclusive guarantee loans, but required guarantee companies to charge no more than 1% of the loan amount, resulting in compressed profit margins for guarantee companies. They may refuse to provide guarantees for high-risk MSMEs, and banks, due to undisbursed risks and insufficient subsidies to cover potential losses, actively reduced inclusive credit scale, ultimately leading to idle fiscal subsidies and disguised increases in MSME financing costs, violating the original policy intention. Government policy design needs to establish a “multi-party interest balance” mechanism, allowing market competition while reflecting policy orientation.

The audit objects in the policy implementation part include governments at all levels, financing guarantee institutions, and commercial banks. Provincial governments have varying degrees of inadequate implementation of tax and fee reduction policies. The key types of problems in tax and fee reduction policy implementation follow-up audits include margin refunds, illegal charges, cost transfer, collection of fees that should be exempted, and tax refund. Due to the inability of provincial governments to fully grasp the effects

of policy implementation, policy makers' lack of deep understanding of policies, and lack of experience as policy beneficiaries, the implementation effects are poor. In addition, the problem of governments defaulting on arrears to private MSMEs and concealing or underreporting related amounts is serious. The root causes lie in weakened fiscal discipline, lack of constraints on power operation, and deviations in the performance assessment system. It is necessary to make coordinated efforts in four aspects: hard budget constraints, contract standardization, market tool innovation, and legal protection, to build a long-term mechanism of "daring not to default, unable to default, and unwilling to default." MSMEs themselves should also strengthen contract risk management and make good use of digital tools to safeguard their rights.

Financing guarantee institutions are the core hub for the implementation of inclusive finance policies, transforming unsecured MSMEs into loanable entities; through the cooperation model of government, banks, and guarantee companies, they effectively disperse risks and reduce the non-performing loan ratio of bank inclusive finance; at the same time, they leverage a small amount of fiscal funds to mobilize large-scale social capital, ensuring that policy funds flow to the most needed areas, playing an irreplaceable role in solving the problem of difficult and expensive financing for MSMEs. However, audits found many problems in the implementation of inclusive finance policies by financing guarantee institutions. First, illegal operations, such as a financing guarantee enterprise in Jiangxi Province illegally classifying 14 large and medium-sized enterprises as small and micro enterprises, providing guarantees to unqualified enterprises, and illegally collecting margin. Second, weak service capabilities, with many guarantee institutions having a proportion of supporting agriculture and small business financing guarantee business scale lower than the required level, low financing leverage ratio, and some county-level guarantee institutions not even launching MSME guarantee business. Third, the risk control system for guarantee business is still imperfect, with deficiencies in front-end risk screening, post-guarantee risk early warning, and regular reclassification of asset risks. Nationwide, only 15% of guarantee institutions have fully provisioned reserves.

Audits found that commercial banks distorted and deviated in the implementation of inclusive finance policies. For example, in 2021, an audit in Hunan Province found that a commercial bank issued loans to a platform company through deposit-loan linkage, disguisedly raising loan interest rates and increasing corporate financing costs. In 2022, Jiangxi Province audited and found that 26 rural commercial banks inflated inclusive micro and small enterprise loans by 3.220 billion yuan by artificially adjusting the types of loan enterprises. Banks generally have problems of insufficient lending to MSMEs and slow growth. On August 2, 2024, the National Financial Regulatory Administration issued the Notice on Due Diligence Exemption for Inclusive Credit, further improving the inclusive credit management mechanism of banking financial institutions and providing a good financing environment for MSMEs.

From the perspective of policy effects, the most prominent problem is the high non-performing loan ratio of inclusive micro and small enterprise loans. Currently, micro and small loans show a contradiction between scale expansion and low quality. Financial institutions need to introduce blockchain and big data technologies to strengthen risk management.

2. Inclusive Finance Assisting Rural Revitalization

In terms of inclusive finance assisting rural revitalization, the following two types of problems were found: First, unreasonable formulation of agriculture-related policies. For example, the measures for rewarding and subsidizing urban characteristic fishery breeding insurance formulated by the finance department of Hainan Province in conjunction with agriculture and rural affairs departments, due to short implementation periods and other reasons, resulted in no farmers signing up for insurance in the province, and the reward and subsidy measures did not actually take effect. Second, inadequate policy implementation. For example, in 2022, Hainan Province audited and found that some agriculture-related policies did not meet the requirements of linking agriculture with farmers, with 151 projects in 7 cities and counties failing to honor income dividends, establish interest linkage mechanisms, or repay investment funds on time, involving an amount of 126 million yuan. In 2022, Shaanxi Province audited and found that the coverage and utilization rate of agricultural insurance and mutual funds in 4 counties were low, and the scale and growth rate of small farmer loans of some banks did not meet the requirements, and policies such as small farmer loans and interest subsidies for farmers were not fully implemented. There is also the problem of "short loans for long use" in agriculture-related loans, mismatching with agricultural production cycles. Third, poor efficiency of poverty alleviation projects. Audits found that the efficiency of some rural tourism poverty alleviation projects in Qinghai Province was poor. During the "13th Five-Year Plan" period, the province implemented 166 rural tourism poverty alleviation projects, with a total investment of 794.8876 million yuan. Among them, 22 projects produced no income, with an investment of 109.6161 million yuan; 105 projects had an asset return rate of less than 5%, with an investment of 551.5008 million yuan.

3. Unreasonable Overall Planning of Fiscal Funds

During the audit process, it was found that whether inclusive finance assists MSMEs to optimize their business environment or empowers rural revitalization, the proportion of losses caused by unreasonable overall planning and use of fiscal funds is relatively high. The main problems are in the following three aspects: First, delayed allocation of funds. In 2020, Chongqing found that 8 districts and counties had not formulated fund allocation plans, and 27.8092 million yuan of funds were not allocated in time or were idle. In 2021, Yunnan found that 13 cities and 69 counties delayed the allocation of 5.865 billion yuan of direct funds. In 2022, Hainan had 2 subsidy funds not allocated and issued in full and on time, 6 cities and counties did not issue 4.3268 million yuan of delayed offshore fishing subsidies, and 1 county did not allocate 16.5463 million yuan of matching funds for interest subsidies on farmers' small loans to financial institutions in time. Second, slow progress in fund use and low efficiency. In 2022, Chongqing supported industrial parks and other 3 projects with industrial information funds. Due to the disconnection between fund policies and actual conditions, the relevant districts and counties did not carry out the established work according to the expenditure policy requirements, and the allocated 50.1883 million yuan of funds did not play a role. Third, illegal use of funds. For example, in 2020, 2 districts in Chongqing arranged 10.0698 million yuan of reward and subsidy funds beyond the scope, and 5 project construction units in 3 districts falsely reported and

defrauded 2.934 million yuan of fiscal funds. In 2023, Yunnan found that 4 units illegally lent, misappropriated, or withheld 15.1805 million yuan of funds, and 19 counties, in order to adjust the expenditure progress, illegally allocated 313 million yuan of direct funds to actual fund accounts. Multiple cities and counties illegally used direct funds for debt repayment, making up public funds, and paying wages of temporary workers.

5. Optimization Suggestions for Inclusive Finance Policy Audits

5.1. Build an Inclusive Finance Information Sharing Platform Using Financial Technology

Build a comprehensive inclusive finance information platform to collect key data such as policy system information and various inclusive finance indicators in all aspects, and realize real-time monitoring of the whole process of audit objects' implementation of inclusive finance policies. As long as the early warning value is triggered, it is immediately transmitted to auditors, which is conducive to timely correction. At the same time, it helps to improve the enterprise value credit granting system. Deepen the layout of financial technology, especially increase investment in big data, artificial intelligence, and blockchain, independently develop or purchase efficient audit data analysis tools, and accelerate the digital transformation of audits. By giving full play to the insight capability of big data and the immutability of blockchain, accurately locate risk points in audit work and significantly improve audit efficiency and accuracy. At the same time, the platform should strengthen data security measures to ensure accurate and highly secure information, laying a solid data foundation for audit work.

5.2. Strengthen the Construction of a Composite Audit Team

In view of the complexity and diversity of inclusive finance policies, the cultivation of composite audit talents cannot be ignored. This requires bank financial institutions to integrate multidisciplinary knowledge such as finance, economics, accounting, law, and information technology into the training system of audit teams, cultivating composite talents who understand both business and technology to meet the diversified and high-level needs of inclusive finance policy audits. It is necessary to regularly arrange for auditors to participate in training on the latest national financial policies and audit business; and encourage auditors to use advanced technical means, pay attention to big data analysis in the audit process, and improve the efficiency and accuracy of audit work.

5.3. Establish a Multi-party Coordination Mechanism to Solve the Problem of Incomplete Audit Coverage

To efficiently carry out follow-up audits of inclusive finance policy implementation, different audit subjects, policy-making institutions, and policy-implementing institutions need to strengthen linkage and establish a multi-party coordination mechanism. First, strengthen coordination among different audit subjects to achieve information sharing. For example, government audit departments and social audit institutions should strengthen communication to share diverse information such as policy implementation and the use of funds by MSMEs. Second, strengthen coordination among inclusive finance policy-making departments. For example, among existing inclusive finance loan data, the Agricultural Bank of China discloses information according to the statistical caliber of inclusive finance loans of the People's Bank of China, while the Bank of China implements it according to the documents of the National Financial Regulatory Administration (formerly the China Banking and Insurance Regulatory Commission). Different statistical calibers will lead to inaccurate data information. Therefore, the People's Bank of China, local Financial Regulatory Bureaus, and other departments should strengthen coordination and cooperation to unify the statistical caliber of inclusive finance data. Finally, strengthen coordination among inclusive finance policy-implementing institutions. A unified interface for inclusive finance business systems should be built among commercial banks, and through data integration and sharing among inclusive finance policy-implementing institutions, the problem of insufficient audit coverage can be solved.

6. Conclusion

This paper constructs a full-process audit tracking framework for inclusive finance policies based on the policy life cycle theory, covering formulation, implementation, and evaluation stages. By analyzing 150 audit announcements from 2019 to 2023, it reveals prominent problems such as policy implementation deviations, fund management loopholes, and insufficient audit coverage. To address these challenges, the study proposes targeted suggestions including building a fintech information sharing platform, strengthening composite audit teams, and establishing multi-party coordination mechanisms. The findings indicate that only by integrating compliance and performance audits, leveraging technology, and enhancing cross-departmental collaboration can the effectiveness of inclusive finance policy implementation be truly ensured, thereby providing strong support for economic high-quality development and social equity.

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