

# Audit Index System of Natural Resources Assets of Leading Cadres

## -- Taking Land Resources as an Example

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### Abstract

**The construction of ecological civilization is the political responsibility of leading cadres to pay attention to economic achievements and the achievements of ecological civilization. Departure audit of natural resources assets of leading cadres is a new audit system formulated by the Party and the government to judge the performance of ecological and environmental responsibilities of leading cadres during their tenure. Based on the critical content of the departure audit of natural resources assets of leading cadres, this paper integrates land resources and establishes an index system to provide a reliable index system for the departure audit practice of leading cadres.**

### Keywords

**Outgoing Audit; Natural Resources Assets; Land Resources.**

### 1. Introduction

The 18th National Congress of the Communist Party of China put the construction of ecological civilization into the overall layout of the "economic, political, cultural, social, and ecological progress." It regarded green development as one of the five new development concepts. The Third Plenary Session of the 18th Central Committee of the Communist Party of China adopted the "(Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform)," in which the leaders of the Central Committee proposed to implement the audit of the departure of natural resources assets. The "(Integrated Reform Plan for Promoting Ecological Progress)" promulgated by the state in 2015 requires the establishment of an ecological civilization system consisting of eight systems including the property right system of natural resources assets, and the departure audit of natural resources assets of new leading cadres in the performance evaluation and accountability system of ecological civilization and the gradual improvement. President Xi considered and adopted "Audit regulations on the departure of leading cadres' natural resources assets (trial)" at the meeting of the Central Leading Group on Comprehensively Deepening Reforms chaired in 2017. Article 2 clarifies that when leading cadres leave office, they should accept the audit of natural resources assets. Article 4 indicates that leading cadres shall, by existing laws and regulations, scientifically, reasonably, and legally exploit and utilize natural resources, perform their duties of supervision and management of resources, avoid large-scale destruction of resources and systematic ecological problems caused by human activities, and repair ecosystems damaged and damaged for historical reasons.

The state has made audit requirements for the departure of leading cadres. However, due to the particularity of natural resource assets and the complexity and diversity of China's geographical environment, the audit of natural resource assets is complex, and there is no unified system standard. The construction of the evaluation index system of the departure audit of the assets of the natural resources of the leading cadres can make the leading cadres

not only perform their economic responsibilities but also pay attention to the biological value and ecological environment responsibility during their tenure, which plays a vital role in the development of natural resources assets and environmental protection. Based on the comprehensiveness, importance, operability, and comparability, this paper divides the audit content of the departure audit of the assets of the natural resources of the leading cadres, finds out the essential matters of the audit, and explains in detail how to obtain the audit indicators, in order to add bricks to the departure audit.

## 2. Literature Review

The audit content of natural resources assets of leading cadres is the focus of the audit, and the audit index is the foundation of the audit content. To determine the scope of the audit content by establishing the index system is the topic discussed by many scholars at this stage. The audit content and audit index are unified through the audit index to evaluate the audit of leading cadres. Nowadays, there are two directions for scholars to explore the establishment of an audit index system. One is a comprehensive overview of the comprehensive resources and establishing an index system in the general direction. The other is the detailed index construction of a specific resource, such as land resources in this paper. How to select indicators, how to carry out audit work, how to use indicators and audit evaluation of the work of leading cadres is the focus of today's research.

By clarifying the ecological environment responsibility of leading cadres, Li Boying puts forward the problems of imperfect law, accountability mechanism and evaluation index system, incomplete audit data, backward natural resources balance sheet compilation, biased audit coverage, and lagging theoretical research in China's current ecological environment audit[1].

Ma Wenhui believes that the departure audit of leading cadres should start from two parts: strengthening the overall planning of external resources and optimizing the integration of internal resources[2]. Yu Zhaoyan proposed that we should highlight the comprehensiveness of audit and conduct an overall evaluation of leading cadres from critical aspects and critical issues. He believed that the combination of land and forestry and the combination of water resources and environmental protection could be divided into two groups in the early investigation, and the internal division of labor could be divided into a comprehensive group, data analysis group, land mineral group, landscape group, water resources group and environmental protection group[3]. Zhao Hong and Zhao Xiaorui believed that the departure audit of natural resource assets could be divided into biological, agricultural, forest, land, ocean, meteorology, energy, water, and other categories expounded the particularity of the departure audit of natural resource assets. They took the protection audit of cultivated land and bare farmland as an example for analysis and statistics[4]. Sun Wenyuan and Sun Yuanyuan selected industrial solid waste production indicators, industrial wastewater, industrial waste gas emissions, arable land, water consumption, and per capita park green space. The study suggests that the departure audit of natural resources assets of leading cadres can promote high-quality economic development[5].

These studies put forward varying degrees of methodological suggestions on the process and methods of the departure audit of natural resources assets of leading cadres. The natural resources assets are roughly divided into four types of resources: land, forest, water, and mineral resources. However, in general, there is no detailed classification study of the critical contents of the departure audit of natural resources assets of leading cadres required by the State, and no specific audit indicators are proposed. Therefore, due to the different types of natural resources assets in the audit process, methods are different, audit evaluation index selection is also different. The purpose of this paper is based on the content of audit of natural

resources assets of leading cadres to select indicators of land resources and build an index system.

### **3. Principles of Audit Index System Construction**

#### **3.1. Comprehensive**

The comprehensive principle requires that audit indicators should be able to cover the scope of natural resources assets responsibility of audited leading cadres comprehensively or basically. Auditors must fully consider the tenure and terms of reference of the audited leading cadres when conducting a comprehensive evaluation of the departure audit of natural resource assets for leading cadres. The overall evaluation of the departure audit of natural resource assets should cover the time range consistent with the tenure range. Each leading cadre has different functions and responsibilities. The ecological civilization responsibility should be consistent with the exercise of the terms of reference. Matters outside the terms of reference should not be put into the ecological civilization responsibility of leading cadres. There should be no significant omissions in the audit work and audit evaluation.

#### **3.2. Importance**

The principle of importance requires that the overall evaluation of the off-duty audit of natural resources assets must be based on the focus of the ecological civilization responsibility of the audited leading cadres and evaluate the critical ecological civilization matters that are sufficient to affect the evaluation results of the leading cadres. The principle of importance and comprehensiveness are not contradictory. The principle of comprehensiveness emphasizes the scope of a space, which corresponds to local or one-sidedness. The principle of importance emphasizes the severity of nature, which corresponds to secondary or general nature. The overall evaluation of the outgoing audit of natural resources assets is the perfect combination of comprehensiveness and the principle of importance if each focus in the audit area can be covered.

At the same time, the principle of importance also needs to cooperate with the principle of difference. The overall evaluation of the audit of natural resources assets should consider the different departments because of the different responsibility scope and management object of the leading cadres, which leads to the difference in the leading cadres' ecological civilization responsibility and should reflect in the overall evaluation.

#### **3.3. Operability**

Due to the particularity of natural resources assets in the physical form, different from the economic responsibility audit, the economic responsibility audit can directly analyze and evaluate the value of money. However, the natural resources assets audit needs to transform the assets of the natural resources from the physical form to the value index, which requires the design concept and definition of the evaluation index of the audit to be clear, can collect the specific situation of natural resources assets, effectively collect the data of natural resources assets and quantify.

#### **3.4. Comparability**

The evaluation index should be quantified so that the audit of leading cadres' departure can be comparable in time. The ecological environment responsibility of the region responsible for leading cadres can be compared on the timeline, and the specific changes in natural resources assets of leading cadres during their tenure can be compared to calculate the change rate. At the same time, it can also be compared with the overall evaluation of leading cadres at the same level to evaluate the audit of leading cadres' departure.

## 4. Audit Index System of Natural Resources Assets Departure of Leading Cadres

According to the requirements of the departure audit of natural resources assets, there are two types of audit objects: one is the leading central cadres of Party committees and governments at all levels. The second is the leading central cadres of the State Council, local development and reform at all levels, land and resources, environmental protection, water conservancy, agriculture, forestry, energy, and marine departments ( units ) responsible for natural resource asset management and ecological environment protection. Therefore, it is necessary to clarify the audit content. According to the regulations promulgated by the State Council, the audit content includes : implement the central ecological civilization construction policy and decision deployment; compliance with natural resource asset management and ecological environmental protection laws and regulations; significant decisions on natural resource asset management and ecological environment protection; completion of natural resource asset management and ecological environment protection objectives; performance of natural resources asset management and ecological environmental protection supervision responsibility; organization of collection and administration of funds related to natural resources assets and ecological environment protection and operation of project construction; performing other relevant responsibilities. Therefore, this paper will establish the index system of land resources based on the audit content requirements of the departure audit of natural resources assets of leading cadres.

### 4.1. Implement the Central Ecological Civilization Construction Policy and Decision Deployment

In terms of policy and decision-making deployment, leading cadres should understand the policy in place, promote it, and implement it. Based on this, indicators closely related to these three points should be established, relevant audit priorities, and audit indicators such as [Table 1](#).

**Table 1.** Audit indicators of policy and decision deployment and implementation

| Audit Matters  | Audit Indicator  | Basis  |
|--|--|--|
| Implementation of farmland and basic farmland protection system  | Recognition of the nature of land use  | <i>Regulation on the Protection of Basic Farmlands; Land Administration Law of the People's Republic of China</i>  |
|  | Change of cultivated land area   |  |
|  | Balance of arable land   |  |
|  | Protetive area of permanent basic farmland   |  |
|  | Decrease and increase of permanent basic farmland  |  |
| Implementing superior ecological civilization policies and decision-making deployment                                | The implementation of problem instructions   | Documentation, conference spirit, inspection speech  |
| The compilation and publication of the overall land use planning of townships and the planning of villages and towns | Whether to compile and publish the overall land use planning and village and town planning on time | <i>Regulation on the Implementation of the Land Administration Law of the Peoples Republic of China ; Urban and Rural Planning Law of the People's Republic of China</i> |

### 4.2. Compliance with Natural Resource Asset Management and Ecological Environmental Protection Laws and Regulations

Whether leading cadres complying with the relevant laws and regulations on natural resources assets during their tenure is essential for audit evaluation. According to the degree of implementation of laws and regulations, leading cadres can be evaluated differently. Related audit priorities and audit indicators such as [Table 2](#).

**Table 2.** Audit indicators of compliance with laws and regulations

| Audit Matters  | Audit Indicator                           | Basis  |
|--|---|--|
| Compliance with laws and regulations on protection and utilization of land resources   | Land development right registration       | <i>Land Administration Law of the People's Republic of China</i> |
|  | Illegal land investigation and punishment |  |
| Preliminary examination of land for major economic activities or construction projects | Identification of the Nature of Land Use  | <i>Land Administration Law of the People's Republic of China</i> |
|  | Violation of approval                     |  |
|  | Land occupation and punishment            |  |

### 4.3. Significant Decisions on Natural Resource Asset Management and Ecological Environment Protection

Major decision-making reflects the importance attached by leading cadres to natural resources and ecological environment during their tenure, so the establishment and implementation of a decision-making system should be concerned by auditors. Related audit priorities and audit indicators such as [Table 3](#).

**Table 3.** Audit indicators of implementation of major decision-making system

| Audit Matters   | Audit Indicator   | Basis  |
|---|---|--|
| Establishment and implementation of major decision-making system                                      | The sound status of major decision-making management system   | Internal control documents   |
|   | Compliance of major matters decision contents and decision procedures   |  |
|   | Whether decision-making matters are effectively implemented   |  |
| Implementation of main functional area planning, land planning, urban and rural planning requirements | Does the decision meet the requirements of main function area planning, land planning, urban and rural planning | <i>Urban and Rural Planning Law of the People's Republic of China; Land Administration Law of the People's Republic of China; Relevant documents of the Ministry of Land and Resources</i> |

### 4.4. Completion of Natural Resource Asset Management and Ecological Environment Protection Objectives

The purpose of ecological environment protection is to prevent the damage of natural disasters to the ecological environment, reduce the economic and social harm caused by natural disasters, maintain the virtuous circle of the natural resource system, and ensure the sustainable development of national ecology. Related audit priorities and audit indicators such as [Table 4](#).

**Table 4.** Audit indicators of objectives of resource environmental protection

| <b>Audit Matters</b>   | <b>Audit Indicator</b>                   | <b>Basis</b>  |
|--|--|---|
| The completion of the target tasks set by <i>Soil Pollution Prevention and Control Action Plan</i> | Target task for soil quality improvement | <i>Soil Pollution Prevention and Control Law of the People's Republic of China; Soil Pollution Prevention and Control Action Plan</i>       |
|  | Key tasks of soil pollution control      |   |
| The accomplishment of afforestation target task  | Objective tasks of afforestation         | <i>Forest Law of the People's Republic of China; Regulation on the Implementation of the Forestry Law of the People's Republic of China</i> |
| Target task completion for forest fire prevention  | Target task of forest fire prevention    | <i>Forest Law of the People's Republic of China; Regulations on Forest Fire Prevention</i>  |
| The accomplishment of cultivated land protection target task                                       | Cultivated land quantity                 | <i>Land Administration Law of the People's Republic of China; Regulation on the Protection of Basic Farmlands</i>                           |
|  | Basic farmland protection area           |   |

#### 4.5. Performance of Natural Resources Asset Management and Ecological Environmental Protection Supervision Responsibility

In order to ensure social development, leading cadres have the responsibility to protect and supervise the development and utilization of natural resource assets. It is the responsibility of supervision and discipline enforcement is an unavoidable political task for leading cadres. Auditors need to review the rationality of the development and utilization of natural resource assets to determine the performance of leading cadres' responsibility to protect and supervise. Related audit priorities and audit indicators such as [Table 5](#).

**Table 5.** Audit indicators of supervision of resource and environmental protection

| <b>Audit Matters</b>  | <b>Audit Indicator</b>   | <b>Basis</b>   |
|---|--|--|
| Rational development and utilization of natural resource assets and ecological environment protection | Is there illegal or unreasonable exploitation of natural resources assets                        | <i>Land Administration Law of the People's Republic of China, Environmental Protection Law of the People's Republic of China; Soil Pollution Prevention and Control Law of the People's Republic of China</i>  |
|   | Daily supervision and remediation of environmental pollution and illegal discharge of pollutants |  |
|   | Basic data and data management   | <i>Opinions on Deepening the Environmental Monitoring Reform and Improving Environmental Monitoring Data Quality</i>   |
|   | Utilization rate of natural resources  | <i>Decision of the State Council on Deepening Reform and Strict Land Management; The plan for developing energy conservation and environmental protection industries during the 13th Five-Year Plan period</i> |
|   | vacancy rate   |  |
|   | Waste situation  |  |

|   |  |   |
|---|--|---|
|   | Efficiency in addressing resource and environmental issues within the jurisdiction   | <i>Regulation on Complaint Letters and Visits;</i><br><i>Measures for the Accountability of Party and Government Leaders for Damage to the Ecological Environment (for Trial Implementation)</i>  |
| Implementation of ecological red line of resources and environment  | Implementing the upper limit of natural resource consumption   | <i>Technical Specification for Basic Farmland Demarcation;</i><br><i>National Land Consolidation Planning</i>   |
|   | Scale of cultivated land occupied by new construction land   |   |
|   | Cultivated land quantity   |   |
|   | Quantity and quality of basic farmland   |   |
|   | Upper limit of natural resource consumption such as permanent basic farmland   |   |
|   | Red line of soil quality control   | <i>Soil Pollution Prevention and Control Law of the People's Republic of China;</i><br><i>Notice of the State Council on Issuing Soil Pollution Prevention and Control Action Plan</i>  |
|   | Performance of supervision and management responsibilities for the red line of ecological protection in the area according to the division of duties | <i>Regulations of the People's Republic of China on Nature Reserves;</i><br><i>Guidelines for Delineating Red Line of Ecological Protection</i>   |
| Supervision, inspection and implementation of resource and environmental quality  | Soil quality level   | <i>Environmental Protection Law of the People's Republic of China;</i><br><i>Notice of the State Council on Issuing Soil Pollution Prevention and Control Action Plan ;</i><br><i>Soil Pollution Prevention and Control Law of the People's Republic of China</i> |
|   | Regular inspection of pollution sources  |   |
|   | Timely elimination of pollution sources  |   |
|   | Resource and environment early warning mechanism documents and implementation  | <i>Several Opinions on Establishing a Permanent Resource Environment Carrying Capacity Monitoring and Early Warning Mechanism</i>   |
| Serious destruction of natural resources assets, major ecological damage, disposal of environmental pollution incidents | Organization of risk control and emergency preparedness for environmental emergencies  | <i>Emergency Response Law of the People's Republic of China</i>   |
|   | Reporting emergency information to the people's governments at higher levels in accordance with relevant state regulations                           |   |
|   | Post-event recovery of environmental emergencies   |   |

|   |                          |   |
|---|--------------------------|---|
| The rectification of the problems found in the previous year ' s resources and environment audit, environmental protection supervision and special inspection | rectification measures   | <i>Opinions of the State Council on Strengthening the Work of Audit</i> |
|   | Results of rectification |   |

#### 4.6. Organization of Collection and Administration of Funds Related to Natural Resources Assets and Ecological Environment Protection and Operation of Project Construction

The use of funds has always been a critical project of audit attention. Funds and project construction related to resources and environment have also included the audit scope of the departure audit of leading cadres. Therefore, it is necessary to review the legitimacy, compliance, and rationality of the use of funds. Related audit priorities and audit indicators such as [Table 6](#).

**Table 6.** Audit Indicators of Resource and Environment Funding and Project Construction

| Audit Matters                                       | Audit Indicator  | Basis   |
|---|--|---|
| Distribution of funds                               | Payout status  | <i>Budget Law of the People's Republic of China;<br/>Regulation on the Punishments and Disciplinary Actions for Fiscal Violations</i> |
|   | Decreasing function of waiting time                                  |   |
|   | Illegal use of funds   |   |
|   | Payment violations   |   |
|   | Interception, misappropriation of fines confiscated income situation |   |
|   | The situation of taking funds  |   |
|   | Inadequate funding for major projects                                |   |
|   | Efficient use of funds   |   |
| Key projects, facilities construction and operation | Legal compliance with approval and construction procedures           | <i>The Bidding Law of the People's Republic of China</i>  |
|   | Project construction target completion                               | <i>Interim Measures for Settlement of Construction Project Prices</i>   |
|   | Completed project utilization rate                                   | <i>Land Administration Law of the People's Republic of China</i>  |

### 5. Conclusion

The audit content of the departure audit of natural resources assets of leading cadres runs through the whole audit process, which is the focus of the departure audit of natural resources assets and the critical factor to determine the evaluation of the departure of leading cadres. According to audit content of departure audit of natural resources assets of leading cadres, establishing audit indicators through the division of audit key projects to provide ideas for practical operation in the process of leaving audit. Ensure that leading cadres do not neglect resources and the environment to ensure rapid economic growth during their tenure. Carrying out the audit of natural resources assets of leading cadres can establish ecological civilization, effectively protect the ecological environment, and emphasize the importance of leading cadres ' ecological environment responsibility.



To sum up, it is of great significance for the construction and improvement of the ecological civilization system to promote the audit of natural resources assets of leading cadres and improve the audit system of natural resources assets.

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