

The Theoretical Basis and Action Path of National Audit to Promote the Supervision of Public Economic Power

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Abstract

Under the new era background, as a key link in the national governance system and governance ability, the national audit should play a key role in the supervision of public economic power. How national audit to give full play to its fundamental role and supervise public economic power in the process of governance, should be the focus of the research in the new stage. Based on the systematic review and sorting of previous literature on national auditing and public economic power supervision, this paper focuses on analyzing the role of national auditing in public economic power supervision under the new development pattern, combining the theory of entrusted economic responsibility and the theory of immune system. The purpose is to clarify the role of national audit in the new historical development stage, which provides new ideas for the national audit to safeguard national interests and promote deeper reform.

Keywords

National Audit; Public Economic Power; Supervision.

1. Introduction

As a means of national governance, national audit is a powerful tool to supervise public power. Standing on the new historical starting point of 'the economy has shifted from the stage of high-speed growth to the stage of high-quality development', facing the increasingly difficult predicament of the supervision of public economic power under the support of technology, 'restricting and supervising power' has become an important new proposition of national governance. However, in the national governance system, the national audit, as an important part of the national macroeconomic supervision system, should play an important role. Through the supervision and inspection, economic activities and economic matters which caused during the operation of economic can objectively reflect. In the mean time, national audit could play a part in exploring process which conclude the scope, content, methods and ways of supervision over public economic power. Turning the Intermittent work to routine work and implementing the latest policies and arrangements of the central government is a new way of thinking for audit work in the new era. Therefore, for the supervision of the public economic power, audit institutions have to not only be representative of economic power, but also promote normalize 'economic physical examination'. Focusing on the main business and leading by center strategy is the main objective of national audit institution, so as to protect our country's economy steady increase and realize high quality development.

2. Literature Review

2.1. National Audit from the Perspective of Function

On the basis of fully respecting and understanding the essence and function of national audit, scholars at home and abroad have carried out a lot of exploration on the role of national audit. The research direction and results of national audit mainly focus on the role and the functions

on the different topics. Since the '12th Five-Year Plan' clearly put forward to accelerate the transformation of economic mode, involving the market, society, resources, environment and people's livelihood and other levels, Liu Jiayi pointed out that in this economic reform, centering on the objectives and tasks, the national audit should take the initiative to integrate into the overall situation. In the implementation of policies related to the transformation of economic development mode, the state audit performs its functions by monitoring the implementation, evaluating economic activities, correcting violations of financial and economic laws and disciplines, and imposing sanctions. As a key responsibility, audit institutions should identify the key supervision points for the relevant key projects and directions determined by the plan, and enhance the application of audit results. With the continuous development of information technology, national audit has been focusing on 'treating existing diseases and preventing diseases' in the process of power operation. Tang Yanjun through the perspective of block chain, points out that information technology can assist the national audit to reveal corruption and improve the efficiency of investigation and punishment. Besides, the application of new technology can strengthen the standard of the power subject, and exercise power within the legal and reasonable scope.

2.2. The Supervision of Public Economic Power in Historical Overview

For the study of public power supervision, the beginning started from distant ancient. Ancient Egypt and ancient Rome were the first to establish the embryonic form of power supervision. In ancient Greece, the responsibility audit of officials made corresponding restrictions on the departure of officials. During the Renaissance, Montesquieu proposed that power will stop only when it meets the border. From the perspective of rule of law, the exercise of power should bear the corresponding responsibility. Since the 1970s, under the influence of the theory of 'public governance', restricting and supervising power has become an important proposition of national governance.

On the other hand, with the deepening of governance practice, the supervision of audit power is more comprehensive. In accordance with the amendments to the GAO Human Resources Reform Act of 2004, from July 7, 2004, the GAO, The General Accounting Office was renamed the Government Accountability Office (GAO). The change of the name of the organization reflects the change of American audit, which indicates the direction of its supervision from economic supervision to the direction of public responsibility to the government. Combined with the reform and governance practices of the domestic economic system and the development of auditing, the reports of the 16th, 17th and 18th CPC National Congresses have highlighted the concept of auditing and monitoring power. From the 'audit storm' in 2003 to the whole process audit for 4 trillion yuan economic investment plan in 2008, all events showed audit has become one of the important too of balancing public economic power.

3. The Theory Foundation of National Audit Supervises Public Economic Power

3.1. The Fiduciary Theory of Economic Responsibility: Supervising and Restricting Administrative Power

Under the fiduciary theory of economic responsibility, public economic power comes from the fiduciary of citizens, who entrust public economic power to the government based on contracts. On the contrast, the government and other public sectors become the fiduciary of public economic power. The legitimacy of public economic power is also based on the delegation of power between citizens and the government. On the basis of equal rights and responsibilities, the government should take the promotion of public welfare and the maintenance of public interests as its basic value to exercise public economic power. As a consequence, the exercise

of public economic power is also reasonable and totally legal because of the mutual equality of fiduciary responsibilities.

In order to ensure the legitimacy and effectiveness of the public sector's performance of entrusted public power and solve the information asymmetry in the practice of public principal-agent, it is necessary for professional institutions to be supervised. By virtue of its independence and professionalism, the national audit accepts the entrustment of the National People's Congress representing people's will. With the deepening of social democratic consciousness, in the process of exercising administrative power of the government, national audit, as an important supervision force, to detect the use of public resources. To realize the restriction and control of administrative power, cut off the path of power rent-seeking in the process and avoid the abuse of administrative power, the theory of public fiduciary responsibility has become the theoretical basis for the state audit to play its role of restricting and supervising power.

3.2. Immune System Theory: Optimizing the Allocation of Financial Resources

From the perspective of immune system theory, national governance is compared to a grand overall system, while the essence of national audit is the 'immune system' belonging to the large system. The function include prevention, disclosure and defense, which can ensure the healthy operation of national social economy. From the perspective of origin and development direction, the origin of national audit is based on the demand of national governance, and its development direction is determined by the goal and mode of national governance. For the public economic power, the national audit department as a full-time supervision and examination organizations, according to the authority, given by the laws and regulations, to reveal major illegal and criminal issues in the process of financial executive behavior. The national audit also could guard against all kinds of corruption and malfeasance from the beginning. The audit and supervision mechanism starting from finance not only ensures the reasonable and compliant allocation of financial resources, but also promotes the construction of a law-based and harmonious society which starting from the pillar of national governance. The whole system fundamentally guarantees the legitimate rights and interests of the people from illegal infringement. So the immune system theory of audit provides a methodological basis for national audit to restrict and supervise public power.

4. The Action Path of National Audit to Boost the Supervision of Public Economic Power

Based on the new stage, the new situation of national governance with justice and equity is formed by the coupling of multiple fields and multiple focal points, which are interrelated, interact and promote each other. The national audit aimed to construct a perfect system of public economic power constraint and supervision. Combined with the proposal of strategic policies, the national audit should combine its own functions and work priorities, aiming the main responsibility and main industry to exert the supervision effect, so as to realize the powerful monitoring of the national audit on the public economic power.

Generally, all kinds of of audit are the supervision of economic power. The supervision of power is not only the special task of economic responsibility audit, every audit project is the supervision of economic power, which means every project from beginning to end should adhere to the power supervision. Starting from audit investigations, we will focus on identifying weak links and problems in the exercise of economic power, and ensure that audit projects have a targeted focus and highlight key points. The implementation process of audit is actually the confirmation and correction of the misuse and abuse of economic power, and the timely discovery of problems in the use of power such as decision-making, approval and command. The

audit suggestion points out the problems in the operation of economic power from the aspects of policy, system, management, operation mechanism and decision-making procedure. Transferring all kinds of criminal and illegal case clues to judicial organs and supervisory departments is the concrete embodiment of accountability on the basis of economic power supervision.

In terms to the special audit, national audit need to focus on key areas of the people's livelihood which is closely linked with the public interests. For instance, employment, social security, education, health care, housing and other priorities. For the whole process of supervision, ensuring the science of decision-making, the effective supervision and feedback for policy implementation, play the key control role in advance and make up the short board of governance. In the other hand, performance audit is a new stage of national audit development. Performance audit through the examination of economic behavior to reflect whether use of the economy power of the public sector is effective or not. The object of performance audit is expanded to the entire power sector, which is totally different from the traditional type. From the exercise of power restriction and supervision on the overall economy aspects, promoting the construction of democracy and the rule of law society, contribute to make non-corrupt efficient public sectors.

The audit of fiscal revenue and expenditure needed to be strengthened, which is the basis of audit. The audit department has to double check the revenue and expenditure in fiscal finance and strengthen the daily supervision of government public departments. The staff of auditing department will promote regular economic physical examination, which can avoid the abuse and loss of control of power to the greatest extent at all stages, and realize the restriction and supervision of public economic power. In addition, on the basis of the authenticity and legality of the implementation of fiscal revenue and expenditure, the preparation and audit of budget funds should be gradually carried out. During the whole process of budget preparation and implementation, the supervision role of should be given full play so that the supervision mechanism of state audit can truly become a necessary link in the process of budget management and prevent the improper use of national economic resources.

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