

Study on performance auditing of Public Fiscal Poverty-Alleviation Project Fund in China

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Abstract—As one of the most important parts of livelihood project in china, poverty alleviation project has attracted large scale of funds and endeavor from government since 1980s. At the same time, there appear lots of problems in Chinese poverty alleviation, in which the most serious one is the inefficiency of the use of funds from government and defective performance evaluation system. The quantitative indexes of Chinese current performance evaluation system just assess government's funds in the aspects of the results, the management and operation and evaluation of work, from which comes out that the major problems are evaluation ratio is unreasonable, as well as the indexes are short of pertinence, etc. This paper is committed to improve the current evaluation systems for the principle of economy, efficiency and effectiveness.

Key words— public financial fund; poverty-alleviation; performance auditing

Poverty-Alleviation Project is a long-term and formidable task. Public Fiscal Poverty-Alleviation Project Fund that came from the central and local governments increased from 12.75 billion Yuan in 2001 to 34.93 billion Yuan in 2010, reaching up to 204.38 billion Yuan in the past ten years. In terms of 592 key counties for national poverty alleviation and development work, the per capital income of the former's family is better than the national average level. On December 1, 2011, PRC government proclaimed "National Program for Rural Poverty Alleviation (2001-2010)", which serves as the guidance to the development of the country's rural poverty alleviation in the future.

1. The goal of performance auditing of Public Fiscal Poverty-Alleviation Project Fund

The goal that is established clearly is the first step to carry out the government performance audit.

The audit goal directly influences the audit scope, content, and the types of evidence, the audit methods and technological means. The ultimate goal of performance audit is to improve the relevant government departments and public institutions management performance. Generally speaking, the performance audit is 3E Audit, namely, the economy, efficiency and effectiveness of the audit.

At the premise of quality assurance, the economy is regarded as resource consumption of an activity that is kept to a minimum. The economic objectives of Public Fiscal Poverty-Alleviation Project Fund means that

relevant government authorities made full use of resources to launch Poverty alleviation.

Efficiency is refers to the input and output of the relationship between the effect, which is, namely, in the premise of quality assurance, with certain resources into maximum output or achieve certain output into the least resources. In terms of the efficiency of Chinese Government's poverty alleviation in rural areas, the coverage is considered as a key indicator. In the process of the auditing of efficiency, auditors check the payment status to report the budget operating and deviation with the budget status as well as find out the cause of the low efficiency of using the fund.

Effectiveness concerns mainly two points, including the level of implementation and the influence of business activities, which emphasize that the relationship between actual results and prospective constructive goals. That is, the goal of effectiveness on the fund is connected with the government poverty alleviation construction goal. The major indicator include the indexes on the growth rate of the per capita income of the farmers, the changing amplitude of the poor people, and Poverty-returning and level of life satisfaction.

2. The better index design on Public Fiscal Poverty-Alleviation Project Fund

2.1. The principles of designing the evaluation index

The evaluating index on Chinese financial poverty alienation fund focuses on the combination of long-term and short-term performance, the economical performance and social performance. With the right evaluating indexes we can give the objective evaluation. The indexes which are chosen for the evolution of the financial anti-poverty fund need to be reasonable, scientific, comparable flexible and so on. On the basis of the goal of performance audit, we can classify the indexes into three different classes, that is to say, the objectives to reflect the economy, efficiency, and the result.

2.1.1 the index that reflects the economy

The objectives to reflect the economy include mainly about the coverage rate of the special financial anti-poverty fund, the average days of the fund arrival, and the percentage of the management expenses and so on.

Coverage rate = the amount of the fund actually used / the central portion of the special financial anti-poverty fund. This index reflects the efficiency of the financial poverty-alleviation fund.

Average days fund arrivals reflects the time it takes for the fund allocates from the central government to the local government. This index usually used to measure the timeliness of the arrival of the financial anti-poverty fund. The longer time it takes the lower efficiency the fund has.

The percentage of the management expenses = the money used as management expenses/ total amount of special financial anti-poverty fund, which always measures the efficiency of cost on management.

2.1.2 the index that reflects the efficiency

The indexes measuring efficiency are very complex, for they are used to measure the coverage level and the management efficiency. The major purpose for central government to allocate poverty-alienation fund is to stimulate economy growth, provide work as a form of relief, develop the areas of the minorities, supply the special complementary construction to Western China, help the national poor farmers to get rich, etc.

The diversity of the location and the targets in different area lead to the different direction of usage: such as used in development of infrastructure, production, promotion and training on science and technology. The existing performance evaluation indexes mainly focus on evaluating the efficiency from the aspects of account and project completion percentage. However, overvaluing the efficiency of account leads to ignore of people's demand and the quality of the anti-relief poverty. Thus, a lot more need to be done to refine the classification, and give the performance evaluation on the money used on each anti-poverty project.

Infrastructure can be improved through strengthening the public transportation system, irrigation and drainage, drinking water project, and the

energy construction. It can be measured by the indexes like the mileage of the newly-built bridge and road, the completion rate of the water conservancy project, and so on.

Development in plant, breeding, processing of agriculture product, tourism industries mainly contains the newly-added planting areas, the growth rate of per capita account of breeding, the added value of processing the agricultural product.

The educational training includes the rural complementary education and the professional and technological training, the practical technology training, and many others. They can be measured by indexes such as the enrollment rate of the primary and junior high schools, the growth rate of people in training, and so on.

2.1.3 the index that reflects the result

The objectives to reflect the long term and short term effect, mainly including the indexes on the growth rate of the per capita income of the farmers, the changing amplitude of the poor people, and Poverty-returning.

The growth rate of the per capita income of the farmers = the farmer's per capita added income / the farmer's capita income in last year. It reflects the income added of the farmers, and it is an evaluation of the anti-poverty project.

The changing amplitude of the poor people = the actual change in the amount of the poor people this year / the amount of the poor people last year. It can reflect the poverty situation of this area and further to classify the poverty level, and all this can contribute a lot to improve the performance of the anti-poverty project.

The poverty-returning rate = the amount of poverty returning people / the amount of people who succeed in poverty elimination. Beside the quantities indexes, more qualities indexes are needed such as the satisfaction of the people to the governmental anti-poverty project, and the utilization of the anti-poverty fund.

2.2. The criterion of evaluation

The audit criterion of financial anti-poverty performance is very important in the index system. The criterion of the evaluation can be classified into the quantitative and qualitative criterion according to the accountability, and can be also divided into four types-the industrial criterion, empirical criterion, historical criterion and planning criterion. We can hardly achieve ideal result with only one kind of the criterion for the differences in statistical method, technology and application range.

2.2.1. Industrial criterion

Industrial criterion, is based on the relative data of certain industry, and with the process of the statistic, it will eventually get the industrial criteria. It fits for the

industries with similar finance payment and basic goals. The industrial criteria need a large data support, but our country has not built such data reservoir on the anti-finance project.

2.2.2. historic criteria

historic criteria, is based on the samples in the same areas, departments, units, and projects, with the procession of the statistic ,it can measure the average historic level. And it can also be some data formed in the past, such as the practical data of last year. The historic criteria can be widely used, with its basic hypothesis that the targets are mostly the same as to the environment and history. There can be difference in the procession of the anti-poverty development, but it can still fit for the historic criteria...

2.2.3. the planning criteria

the planning criteria, is made on the basis of the former existing goals, plans, budgets, and quarto. The planning criteria get the result through the comparison between the planning data with the practical data, and find the differences. It fits for the evaluation on the performance of the departments and projects.

2.2.4. experience criteria

experience criteria, is based on the long term activities and management practice, and it is produced by the experienced experts in finance, with careful thought. And it suits to the evaluations without enough industrial data, especially the industrial criteria's.

In practice, which kind of criteria is chosen is based on the target, the objectives, and other staff.

In terms of the anti-poverty project in our country, the evolutionary system is not perfect with a lot of defects which are derestricted by many different reasons. The experience data is far away from perfection in the promoting area and when facing to different projects. The planning criteria's have relatively much more pertinence, practicability and easier to manage. And it is favorable to the give the objective evaluation on the special financial anti-poverty project. But what we need to pay attention is that the plan must be made reasonably and practically without wasting the resources.

3. The choice of method to Public Fiscal Poverty-Alleviation Project Fund

The method to poverty alleviation fund performance audit means the concrete way to in assessing process. The universality and complex of poverty alleviation funds leads variety of the assessing method, in which the most usual ways are as follows:

3.1. Review

Method of reviews means collecting relevant information through reviewing the related internal and

external documents. Method of reviews is one of the basic approaches of government performance audit and can be applied to all the stage in the process of audit. Reviewing the relevant documents, for example, the financial budget could help deep understanding of the method and efficiency of the funds.

3.2. Survey

It's a way to collecting information through specific form of survey. Survey is a popular approach to getting data in various aspects. Generally, there are many forms of survey, such as complete survey, sampling survey, questionnaire survey, mandatory investigation and online survey. As to the audit of poverty alleviation funds, questionnaire survey and sampling survey are applicable, along with the advantage of internet used in the process.

3.3. Statistical analysis method

It's another usual method in performance audit. In assessing economy, efficiency and effectiveness, statistical analysis is an effect method to analysis the relevance of various facts and find what and why the difference between the fact and expectation. This is the objective and accurate method that getting the evidence from the quantitative analysis, from which the data can be collected from the documents from the government and document indexing.

3.4. Field interview

Field interview is a way of getting external information when auditors cannot get complete documents, or they need further verification the accuracy of the data. It helps ensuring the acquisition of the first-hand information from audit field and the accuracy and reliability. It's essential for the auditor to appraisal objectively the performance of government funds and acquires the process of the project though deep field interview for the reason of remote place and uncompleted supplied data.

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Vitae