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Performance Audit: The Development Conditions in China

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ABSTRACT

At the present time, performance audit has become a major work responsibility of auditing institutions in the world. In China, as the reform of national governance and financial modernization progresses, performance audit has received increasing attention, but it has still not been truly implemented. **The purpose** of this paper is to identify that influence the development of performance auditing in China. The **relevance** of the problem is evidenced by the growth of research in the field of public audit and performance audit in recent years. The author reviewed recent publications on this topic by Russian and Chinese authors. In the paper apply the research **method** to analyses keywords in the State Council Audit Report of China 2011–2021. A wide range of methods of information analysis is used. The **results** of the research lead to the following conclusions: the basic orientation of China's performance audit is to supervise and serve the country's governance; the audit field is inclined to the environment, resources, people's livelihood, etc.; the audit content transitions from fund management and use to policy implementation and project management; audit evaluation standards increase equity and environmental friendliness on the basis of "3E" (economy, efficiency, effectiveness); audit methods highlight modern tools such as big data auditing. The attention and promotion of performance audit by the legislative authority is an essential requirement for its growth in China.

Keywords: performance audit; influencing factors; keyword research method; audit content; audit method; performance audit orientation; basic condition

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ОРИГИНАЛЬНАЯ СТАТЬЯ

Аудит эффективности: условия развития в Китае

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АННОТАЦИЯ

В настоящее время аудит эффективности стал одной из основных обязанностей аудиторских организаций в мире. В Китае по мере продвижения реформы национального управления и финансовой модернизации аудиту эффективности уделяется все больше внимания, но он все еще не получил широкого распространения. **Цель** исследования — выявление факторов, оказывающих влияние на развитие аудита эффективности в Китае. Об актуальности проблемы свидетельствует рост исследований в области государственного аудита и аудита эффективности в последние годы. Автор проанализированы современные публикации по данной теме как российских, так и китайских авторов. В качестве метода исследования выбран анализ ключевых слов в отчетах Государственного совета по аудиту Китая за 2011–2021 гг. Использован широкий спектр методов анализа информации. По результатам исследования сделаны следующие **выводы**: основная направленность аудита эффективности в Китае заключается в контроле и обслуживании управления страной; область аудита ориентирована на окружающую среду, ресурсы, средства к существованию людей и т.д.; содержание аудита переходит от управления и использования фондов к реализации политики и управлению проектами; стандарты оценки аудита повышают справедливость и экологичность на основе «3Е» (экономичность, продуктивность, результативность); методы аудита ориентированы на применение таких современных средств, как анализ больших данных. Основным условием для развития аудита эффективности в Китае является внимание и продвижение его со стороны законодательной власти.

Ключевые слова: аудит эффективности; факторы влияния; метод исследования ключевых слов; содержание аудита; метод аудита; ориентация аудита эффективности; основное условие

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INTRODUCTION

With the development of market economy, performance auditing has become an inevitable trend to promote economic and political development and an important symbol to measure the modernization of government auditing. As a result, how is the growth of performance auditing in China, and what causes to hinder the development of performance auditing, these issues must be addressed in performance auditing practice. Since the establishment of the Audit Office of the People's Republic of China in 1983, China has been exploring the path of performance auditing and has achieved remarkable results. However, there are still some shortcomings in the formulation of performance auditing standards, the determination of performance auditing content and development mode, the design of performance auditing evaluation indicators, and the function of performance auditing [1, 2]. Therefore, the purpose of this article is to analyze the theoretical development of performance auditing in China in recent years, explore the basic conditions and ideas for the development of performance auditing in China, and search for a reasonable path to promote the development of performance auditing in China.

By using the keyword research method, the author captures the characteristics of the development of performance auditing in China at different levels in the past 10 years, dissects the focus and commonalities of performance auditing, explores the basic conditions for the development of performance auditing, and puts forward the hypotheses of this article.

LITERATURE REVIEW

Research Status of Performance Auditing in Foreign Countries

The construction of performance auditing standards and guidelines has brought together the best of performance auditing theory and practice research. Following the introduction of the performance audit practice at the Sydney conference and the definition of performance auditing from the perspective of the 3Es, the International Organization of Supreme Audit Institutions (INTOSAI) formulated the performance audit guidelines.¹ INTOSAI revised the original performance audit guidelines in 2016, and the current guideline system consists of 300 Basic Principles of Performance Auditing, 3000 Performance Audit Guidelines, 3100 Performance Audit Core Concepts Guidelines, and

3200 Performance Audit Procedures Guidelines, with the main change being the breakdown of the original performance audit guidelines (3100) into 3100 and 3200.² The U.S. Government Accounting Office (GAO) issued newly revised Government Auditing Standards in 2018, which included significant revisions to performance auditing standards.³ In addition, countries such as the United Kingdom, Australia, and Denmark have developed or revised performance audit guideline manuals. In conclusion, there is a large foreign research literature on performance auditing in a general sense.

With regard to the essential aspect of performance auditing, it is generally accepted that performance auditing is a special kind of assessment act that evaluates performance and performance information [3]. With regard to the objectives of performance auditing, the two main positions include the performance accountability view and the performance improvement view [4]. In the aspect of audit content, Barati and other scholars' views are more representative, and they think that performance audits include efficiency audits, timeliness audits, quality audits, and project result audits [5, 6]. Some scholars have also divided performance auditing into economic, efficiency and effectiveness auditing from the perspective of "3E" [7]. Other scholars have added environmental and equity audits, forming the "5E" (economy, efficiency, effectiveness, equity, and environment), which are supported by many countries such as Canada, the UK, and Australia [8]. With regard to the performance audit methods, more methods of social science research have been used, such as case studies, content analysis,

² ISSAI 300 defines and expresses INTOSAI's recognition of the principles for the auditing of economy, efficiency and effectiveness. It constitutes the basis for performance audit standards in accordance to the ISSAIs. With ethical significance in 2001 Content reformulated and endorsed as Fundamental Principles of Financial Performance Auditing in 2013. With the establishment of the INTOSAI Framework of Professional Pronouncements (IFPP), renamed as Performance Audit Principles with editorial changes in 2019. URL: <https://www.issai.org/pronouncements/issai-300-performance-audit-principles/> (accessed on 06. 06.2022); ISSAI — 3000 — Performance Audit Standard reflects the experience of SAIs with a long tradition and well-established standards of performance auditing. It is aimed mainly at those SAIs that are carrying out or are planning to carry out this type of auditing. Endorsed as Standards and guidelines for performance auditing based on INTOSAI's Auditing Standards and practical experience in 2001. Endorsed as Standard for Performance Auditing in 2016. With the establishment of the INTOSAI Framework of Professional Pronouncements (IFPP), renamed to Performance Audit Standard with editorial changes in 2019. URL: <https://www.issai.org/pronouncements/issai-3000-performance-audit-standard/> (accessed on 06. 06.2022).

³ Government Auditing Standards: 2018 Revision Technical Update April 2021. URL: <https://www.gao.gov/products/gao-21-368g> (accessed on 06. 06.2022).

¹ The XXII INTOSAI in Abu Dhabi (2016), guided by the principles of promoting SAI independence, good governance and knowledge-sharing, endorsed an amendment of the Statutes to align them to the Lima, Mexico and Beijing Declarations as well as the Strategic Plan 2017–2022.

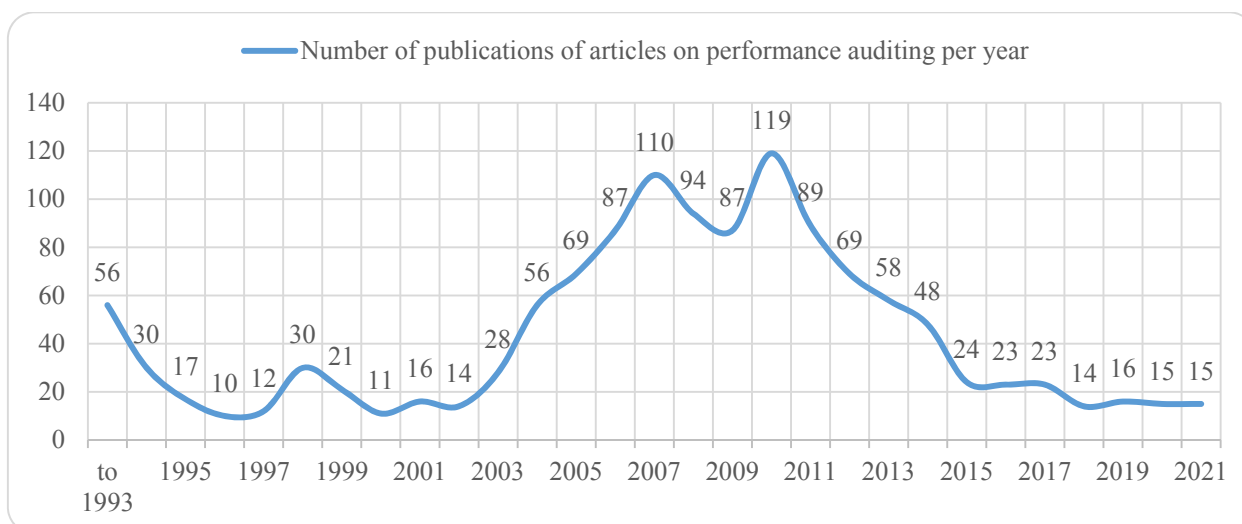


Fig. 1. Statistics of Publications of Articles on Performance Auditing

Source: Compiled by the author based on statistical output.

interviews, data analysis, and bench-marking, and factors that influence the choice of performance audit methods include: audit team, audit project, organization, and external environment [9, 10].

Research Status of Performance Auditing in China

Based on the data source of the China National Knowledge Infrastructure (CNKI) journal database, the author selected “Performance Audit” as the title, “Unlimited” to “2021” as the year, “Core Journals” and “CSSCI” as the source category, conducted an advanced search to screen out seminar reports, seminar reviews, and other news articles, and obtained 1261 valid high-quality publications of articles on performance auditing, as shown in Fig. 1.

As can be seen from Fig. 1, the research results on “performance audit” in China were mainly concentrated between 2004 and 2012; the number of publications was relatively stable in the first period, rising and then falling after 2004, reaching a peak in 2010, and then decreasing year by year. With regard to the objectives of performance auditing, Chen Siwei thinks that the immediate objective of performance auditing is economy, efficiency, effectiveness, and the ultimate objective is to check public fiduciary responsibility [11]. Ni Weizhou considers that performance audit objectives include general objectives, which are “3Es”, and specific objectives, which relate to specific audit projects [12]. In the aspect of audit content, most of the literature discusses the content of performance auditing for a special fund, such as science and technology funds, poverty alleviation funds, social security funds, etc., and the content of performance auditing generally considers fund raising, use, management (including internal control), project

expenditure, and fund effectiveness [13–17]. Regarding performance auditing methods, Zhao Baoqing and Li Wenjuan analyze and study the evaluation method with public satisfaction as the evaluation standard, and use hierarchical analysis and fuzzy comprehensive evaluation method to determine the public satisfaction of government performance [18]. Other scholars have researched the application of a particular characteristic performance auditing method, such as the efficacy coefficient method, trend analysis method, forward-looking comprehensive evaluation method, value chain analysis method and survey questionnaire method [19, 20].

Review of the Literature

Scholars at domestic and international levels have conducted extensive and in-depth researches in performance auditing, and a large number of research results have been obtained, which have laid an abundant research and literature foundation for this article. However, the above-mentioned researches also have certain limitations. On the one hand, the existing performance audit-related studies are characterized by superficiality, a single research method, repetitive research content, and fragmented research objects, and there are many studies on foreign performance auditing secondary data, but fewer studies on primary data and latest progress. On the other hand, the existing literature lacks systematic research on performance auditing theory, which is not strong guidance for performance auditing practice. By combing and summarizing the current literature, it can be seen that the development of government budget performance management, the evolution of government auditing, the change of the performance audit object, and the

advancement of performance auditing abroad all have an impact on the development process of performance auditing in China.

ANALYSIS OF FACTORS INFLUENCING PERFORMANCE AUDITING IN CHINA

The Development of Government Budget Performance Management

The Chinese government's budget performance management started in 2003, when the Third Plenary Session of the 16th Central Committee of the Chinese Communist Party proposed "establishing a budget performance evaluation system", and has gone through the stages of piloting and promoting performance evaluation (2003–2010), gradually moving toward the stage of full process budget performance management (2011–2012), and comprehensively promoting budget performance management (2012–present). In 2012, the Ministry of Finance issued the "Budget Performance Management Planning (2012–2015)", which marked a new stage of performance management in China and a new era of performance audit. In 2018, the "Opinions on the full implementation of budget performance management" mentioned "establishing an all-round, full-process, full-coverage budget performance management system", and required "audit organs to carry out audit supervision of budget performance management in accordance with the law". It can be seen that the development of performance management will put forward new requirements for performance auditing, and performance auditing will also react to performance management, and the two will keep moving forward in a spiral.

The Evolution of Government Auditing

As a part of government auditing, the reform and development of performance auditing is inevitably related to the evolution of government auditing. On 4 December 1982, the Constitution adopted at the Fifth Session of the Fifth National People's Congress of China included the audit supervision system for the first time, clarifying the legal status of government auditing. The promulgation of the Audit Law in 1994 marked that government auditing in China gradually possessed a set of standardized and scientific audit systems, and performance auditing had a law to follow in its work, highlighting the legitimacy and authority of performance auditing. In 2020, General Secretary Xi Jinping gave an important instruction on auditing work to "give full play to the functional role of auditing in promoting the modernization of the national governance system and governance capacity". In the context of national governance, the positioning

and scope of government auditing are evolving, which means that the importance and focus of performance auditing are changing, and the scope of performance auditing will be extended.

Changes in the performance audit object

The changes in performance audit objects are mainly reflected in two aspects. On the one hand, during the promotion of full audit coverage, the content of performance audits is no longer limited to the use of financial funds and budget expenditures of various departments, but the effectiveness of public policies, the management of natural resource assets, the supervision of public works projects, and the operation of government funds are all included in the scope of performance audit evaluation. On the other hand, in the era of big data, more and more data and information exist in electronic form, and traditional audit means are limited everywhere, making it difficult to ensure the effectiveness of the audit. Therefore, performance auditors must continuously optimize the audit mode and methods, and make full use of new audit tools such as networked audit, big data audit, and blockchain audit to cope with changes in the audit object in order to improve the quality and effectiveness of their work [21].

The promotion of performance auditing in foreign countries

In the 1970s, the widespread economic crisis in Western countries triggered the New Public Management movement, and countries such as Britain, the United States, Australia, and Sweden began to set off a wave of government performance auditing. Performance auditing in China has learned from the advanced experience of foreign performance auditing in many aspects, such as the model and evaluation system, and then combined it with China's basic national conditions and special audit system to explore the road of performance auditing with Chinese characteristics.

The analysis shows that the legislature's attention to and promotion of performance auditing is the basic condition for the development of performance auditing. Throughout the development of auditing around the world, it is easy to find that any innovation and progress in the auditing system are basically the result of the game of various political forces and power relations outside the auditing authority, among which the legislature always plays a key role.

DATA AND METHODOLOGY

Hypothesis Formulation

Based on the above analysis of the influential factors influencing the development of performance auditing



Fig. 2. The Word Cloud Diagram for the 2021 Performance Audit Report

Source: Compiled by the author based on statistical output.

in China, this article makes the following assumptions about the current development characteristics of performance auditing in China.

H1: With the in-depth promotion and high-quality development of full audit coverage, the fields and contents of performance audits will be expanded, especially in the areas of environment, resources and social security.

H2: With the transformation of the overall positioning and role of government auditing in the new era, the positioning of performance auditing will also reflect distinctive features of the times, and the role of performance auditing will be strengthened.

H3: With the promotion of comprehensive budget performance management, the key focus of performance audit implementation remains fiscal funds and projects in the short term. And with the in-depth development of digitalization and informatization of audit objects, the performance audit method will transition from the traditional audit method to the big data audit method.

H4: With the changing environment of the performance audit system, the objectives of performance auditing in China will transition from the “3Es” to the “5Es”.

Research Method

The research method used in this article is the keyword research method proposed by Raymond William in the UK, which is an empirical research method based on human language. It involves screening keywords in the target document based on customized criteria, analyzing the keywords, then re-categorizing and combining the known information, and finally discovering the essence and inner logic of the problem and proposing solutions [22]. Through keyword analysis, the author captures various characteristics of Chinese performance auditing practice in recent years, both as

a whole and in different cross-sections, dissects the key points and commonalities, and analyzes the changing trends to strengthen the macro grasp of Chinese performance auditing practice.

Data Source

The performance audit report is the final product of the performance audit and can best reflect the various performance audit situations in the year. The year 2011 was an important turning point in China's performance management, and at this point, China officially entered the stage of fully promoting budget performance management. Therefore, the author selects the 2011–2021 Audit Report of the State Council on the Implementation of the Central Budget and Other Financial Revenues and Expenditures⁴ issued by the Audit Office of the People's Republic of China as the subject of analysis, from which the current situation of the development of performance auditing in China is penetrated and the influencing factors and basic conditions for the development of performance auditing in China are analyzed through the analysis of key words under different cuts.

Overall Analysis

First, in order to quickly grasp the development status of performance auditing, a keyword analysis of China's 2021 audit report was conducted, and a word cloud diagram was obtained as shown in Fig. 2. As can be seen from Fig. 2, by frequency, "funds" (71), "audit" (63), "fiscal" (47), "project" (41), "management"

⁴ Audit Report of the State Council on the Implementation of the Central Budget and Other Fiscal Revenues and Expenditures. URL: <https://www.audit.gov.cn/n5/n26/index.html> (accessed on 10.06.2022).

(39), “enterprise” (37), “Policy” (29), “Resources” (28), “Construction” (27), “Government” (24) and “Development” (17).

From the frequency of “funds”, “financial”, and “projects” in the 2021 audit report, it is clear that “projects” and “funds” are important vehicles for the implementation of China’s major economic policies and decisions, the high frequency of which highlights the typical characteristics of auditing institutions to focus on their main responsibilities and performance in the implementation of major policies, with major projects and “fiscal” funds as the main grasp. At the same time, the frequency of “management” and “development” is also very high. It can be seen that performance audit, as an external monitoring mechanism of performance management, has expanded its scope of action from a single financial fund management to project construction management and engineering management. In addition, in the context of the big data era, “sharing of data resources” and “sharing of scientific instruments and facilities” are the key elements of the performance audit in 2021. This shows that the concept of performance auditing in China is developing and improving, the macroscopic view of performance auditing is expanding, and its global view and political standing are being enhanced.

Specific Analysis

By observing the dynamic development trend of performance auditing in the past 11 years, this article compares the results of word frequency analysis of China audit work reports from 2011–2021 (*Table 1* and *Table 2*).

As seen in *Table 1* and *Table 2*, the word “project” has been in the top five positions from 2011–2021. The word “funds” is similar to “projects”, ranking in the top three for nine out of eleven years. The word “policy” was mentioned about 20 times in the audit report, but ranked seventh with 29 consecutive times from 2019–2021. This indicates that performance audits in China are mostly focused on funds and projects. From 2011 to 2021, most of the top 20 keywords appearing in audit reports were related to public infrastructure, such as environment, transportation, healthcare, and education. This shows that social programs and livelihood projects have been the focus of performance audits for a long time. In addition, “innovation” is also mentioned to varying degrees at one time, especially since 2018, with the more prominent terms “big data”, “informatization”, and “modernization” and other words indicating both a change in the audit environment and a significant shift in the technical means and working methods of performance auditing. Finally, “rectification”, “supervision” and “regulation” are all expressions of the role of performance auditing, and the frequency of these terms representing the role of

performance auditing is generally on the rise in the eleven reports, and the form of words used is more diverse and specific. This suggests that oversight is a fundamental function of performance auditing work.

Research Results

Through in-depth reading and understanding of the text, combined with the results of keyword analysis, and sorting and classifying keywords, the characteristics embodied in these eleven audit work reports can be clearly presented.

Basic Positioning and Role of Performance Auditing

As can be seen in *Table 3*, performance auditing has started to provide decision-making advisory services to the executive and legislative branches in addition to its traditional monitoring and inspection functions [23]. Performance auditing is gradually liberating itself from the mindset of “strengthening performance management” and “improving macro management”, taking the promotion of “deepening reform” as its grasp, promoting “full audit coverage” as its means, and advancing the “modernization of national governance system and capacity” as its goal, to promote “full audit coverage” as a means to promote the “modernization of the national governance system and governance capacity” as a goal, to fully play the function of “motivation and guidance” of performance audit, in order to achieve high-quality development of the whole society.

Performance Audit Areas of Concern

As shown in *Table 4*, except for the first two years when the scope of performance audits was more concentrated, the performance audit work from 2014 has expanded the audit coverage based on the focus. The four areas of “environmental protection”, “public transportation”, “health care” and “cultural and sports education” are the objects that performance audits focus on almost every year. In addition, after 2014, “science and technology industry”, when it has entered the vision of performance audit work, and the frequency has increased, until now, it has entered the performance audit work report for six consecutive years. In general, these areas are important projects related to the protection of people’s livelihood.

Main Content of Performance Audit

As shown in *Table 5*, “policy implementation”, “fund implementation and management” and “project supervision and operation” are the core and most basic audit contents of performance audit, which are covered in all the eleven audit reports without exception. Therefore, the content of performance auditing can

Table 1

Word Frequency Changes in Performance Audit Work Reports in China from 2011–2016

2011		2012		2013		2014		2015		2016	
Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency
Audit	96	Fiscal	81	Fiscal	105	Audit	59	Audit	92	Audit	71
Fiscal	84	Audit	76	Audit	80	Funds	56	Funds	67	Management	58
Project	60	Project	55	Funds	77	Project	38	Fiscal	60	Funds	57
Management	59	Funds	54	Management	54	Management	27	Management	54	Fiscal	49
Funds	59	Investment	28	Project	32	reform	21	Project	52	Project	44
Investment	41	Construction	25	Special	30	government	20	Enterprise	28	Enterprise	41
Construction	30	Special	20	Construction	24	Construction	14	Special	27	Special	32
System	27	Policy	17	Investment	22	Investment	14	System	27	poverty alleviation	24
Engineering	25	highway	12	resource	16	System	14	poverty alleviation	25	Policy	21
Policy	23	...	...	expenses	16	Information system	14	Policy	24	Investment	19
Development	23	Engineering	10	poverty alleviation	15	...	...	Investment	16	Construction	13
Special	17	Performance	9	System	14	Land	13	finance	16	Regulation	12
finance	15	Regulation	7	finance	14	overall planning	12	overall planning	16	System	10
...	...	rectification	5	Bank	12	Planning	10	innovation	15	Bank	10
Environment	14	finance	5	subsidy	12	Guarantee	10	Bank	15	Institution	10
rectification	12	...	...	Policy	10	rectification	8	Construction	13	Resource	10
people's livelihood	11	Dedicated funds	4	State-owned capital	9	Bank	8	Institution	13	finance	9
State-owned capital	10	Transport	4	Dedicated funds	8	Economy	7	Guarantee	12	Guarantee	8
Medical	8	Coordination	4	Sea	8	Minerals	7	Economy	11	Performance	8
Education	7	traffic	4	Social Insurance	7	finance	7	Resource	11	Engineering	8
Technology	7	Environment	4	traffic	6	Engineering	6	Scientific Research	10	Innovation	7
Performance	6	Energy saving and emission reduction	4	Supervision	6	State-owned capital	6	Regulation	9	Overall planning	6
Coordination	5	Operations	3	Integration	5	Policy	6	Insurance	9	Insurance	6
Science and Technology	5	Innovation	3	Effectiveness	5	traffic	5	Performance	7	Facility	6
Innovation	4	Integration	2	Agriculture and Forestry	5	technology	5	Coordination	7	Safety	6
Integration	4	Facility	2	Technology	5	Science and Technology	4	Environment	6	Dedicated funds	6
Insurance	4	Supervision	2	Education	4	people's livelihood	4	Engineering	6	Environment	4
Agriculture	4	Internet	2	Environment	4	Hygiene	4	Facility	5	Subsidy	4
Regulation	3	Medical	2	overall planning	3	Innovation	3	Subsidy	5	Natural Resources	4
Supervision	2	Roads	1	Supervision	3	Supervision	3	Agriculture	5	Supervision	3

Source: Compiled by the author.

Table 2

Word Frequency Changes in Performance Audit Work Reports in China from 2017–2021

2017		2018		2019		2020		2021	
Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency	Keywords	Word frequency
Audit	78	Funds	60	Audit	65	Fiscal	65	Funds	71
Funds	54	Audit	57	Funds	52	Audit	60	Audit	63
Project	40	Project	55	Project	50	Funds	48	Fiscal	47
Fiscal	38	Enterprise	47	Fiscal	45	Management	47	Project	41
Management	29	Management	34	Management	39	Project	41	Management	39
Enterprise	28	Fiscal	31	Enterprise	30	Investment	29	Enterprise	37
Special	27	finance	29	Policy	23	Policy	29	Policy	29
Investment	27	Special	27	...	...	Enterprise	28	Resource	28
Policy	24	Investment	24	Guarantee	18	finance	21	Construction	27
System	18	Institution	24	finance	17	Reform	21	government	24
finance	18	Reform	23	Reform	15	Special	20	Special	22
overall planning	17	Performance	22	Special	14	Resource	19	Insurance	21
poverty alleviation	16	poverty alleviation	19	Investment	13	Construction	18	Institution	19
government	14	Policy	17	Employment	13	Insurance	18	Investment	18
rectification	14	Construction	17	Performance	13	government	17	Employment	17
Performance	13	System	16	government	12	Economy	17	Development	17
Construction	12	Subsidy	15	Science and Technology	12	overall planning	15	finance	16
Supervision	12	Regulation	14	Construction	11	System	13	Bank	16
Institution	11	government	12	Regulation	11	...	...	Guarantee	15
Guarantee	11	Guarantee	11	Institution	11	Guarantee	11	overall planning	14
Insurance	10	rectification	10	poverty alleviation	9	Environment	11	Reform	12
Regulation	9	Remediation	10	Insurance	8	Medical	10	System	12
Engineering	9	Technology	10	overall planning	8	supervise and urge	9	Economy	12
Environment	8	Insurance	9	Medical	8	rectification	9	Governance	12
Bank	6	Economy	7	rectification	8	Employment	9	rectification	10
Innovation	6	Innovation	7	Retirement	8	Natural Resources	8	Performance	9
Remediation	6	Resource	7	Environment	7	Retirement	7	Engineering	9
Resource	5	Approval	7	Bank	7	Bank	6	Regulation	8
Subsidy	4	Environment	5	supervise and urge	6	Innovation	6	Supervision	8
Agriculture	4	Supervision	5	Modernisation	5	Performance	5	Informatization	8

Source: Compiled by the author.

be divided into three main areas: policies, funds, and projects. With the development of the times, the audit content is also changing, combining “resource and environment enhancement” and “engineering construction” on the basis of the first three areas with new members “smart city construction” and “network security and information construction” appearing in 2020 and 2021, forming a performance audit content model of “foundation + new infrastructure”.

Performance Audit Evaluation Dimension

As shown in *Table 6*, “economy”, “efficiency”, and “effectiveness” are the general objectives of performance auditing. In the 2014 audit report, it was mentioned that it is necessary to “balance the value-added space of social and economic effects”, to “maximize the social and economic effects of government investment projects” in 2017, and then to include the evaluation dimension of “social effects” in several projects in

Table 3

Comparison of the Positioning and Role of Performance Audits from 2011–2021

Report Year	Supervision Guarantee	Improve macro management	Enhanced performance management	Coordination of development	Deepening reform	Promote full audit coverage	Promote the modernization of governance system and governance capacity	Motivation and Orientation	Boosting high-quality development
2011	✓	✓	✓	✓		✓			
2012	✓		✓						
2013	✓	✓							
2014	✓	✓	✓	✓	✓	✓			
2015	✓	✓	✓			✓			
2016	✓	✓	✓	✓		✓			
2017	✓	✓	✓	✓		✓			
2018	✓	✓	✓	✓	✓	✓			
2019	✓	✓	✓		✓	✓	✓		
2020	✓	✓	✓		✓	✓		✓	
2021	✓	✓	✓	✓	✓	✓	✓		✓

Source: Compiled by the author.

Table 4

Changes in Areas of Performance Audit Focus From 2011–2021

Report Year	Environmental protection	Public transportation	Health care	Cultural and sports education	Community construction	Talents	Pension	Natural resources assets	Science and technology industry
2011	✓	✓	✓	✓	✓				✓
2012	✓	✓		✓	✓				
2013	✓	✓		✓	✓				
2014	✓	✓			✓	✓			✓
2015	✓	✓		✓	✓				✓
2016	✓			✓	✓	✓		✓	✓
2017	✓					✓		✓	✓
2018	✓								✓
2019	✓		✓				✓		✓
2020	✓		✓			✓	✓	✓	
2021	✓		✓		✓		✓		✓

Source: Compiled by the author.

Table 5

Changes in the Main Content of Performance Audits from 2011–2021

Re- port Year	Policy im- plementa- tion	Fund imple- mentation and manage- ment	Project supervi- sion and opera- tion	People's livelihood develop- ment	Engineer- ing con- struction	Resource and Environmen- tal Audit	Smart city construc- tion	Network security and in- formation construc- tion
2011	√	√	√	√	√			√
2012	√	√	√		√			
2013	√	√	√			√		
2014	√	√	√	√	√	√		
2015	√	√	√		√	√		
2016	√	√	√		√	√		
2017	√	√	√		√	√		
2018	√	√	√		√	√		
2019	√	√	√	√	√	√		
2020	√	√	√	√	√	√	√	
2021	√	√	√	√	√	√		√

Source: Compiled by the author.

2018. It can be seen that the weight and attention of “social effects” in the performance audit evaluation of government public infrastructure and public welfare projects has been increasing. In the audit reports for 2017, 2018 and 2020, “eco-efficiency” has again become a high-frequency word in the evaluation of effectiveness, which is also in line with the concept of “green development” advocated by China. Finally, it is also clear that in the 2020 and 2021 audit reports, the highlighted performance audit evaluation dimensions have been added to the earlier “3E” evaluation, “fairness” and “environmental” dimensions, moving towards the substantive “5E” evaluation dimension.

Performance Audit Methodology Model

The technical methods commonly used in auditing are review method, analysis method, comparison method, inventory method, correspondence method, etc. Since the analysis text is the audit work report of each year, these basic methods are not mentioned too much in the eleven reports, but through the reading of the reports, it can be found that these methods are reflected. In addition, since 2016, the audit technology method has been gradually combined with technology, including Internet and space remote sensing technology. The method of “big data analysis” and “satellite image data

analysis” have been promoted and applied to improve the efficiency of work while effectively guaranteeing the accuracy and reasonableness of audit results.

Therefore, the comparative analysis of the texts basically confirms all the hypotheses presented in this article. In terms of the basic conditions for the development of performance auditing in China, on the one hand, the contradiction between the demand for government public expenditure and the supply of national financial resources is prominent, and the urgency of improving the economy, efficiency and effectiveness of public resources managed by the government has driven the rapid development of performance auditing. On the other hand, China’s political system provides more favorable conditions for the development of performance auditing.

CONCLUSION AND RECOMMENDATION

Conclusion

The author analyzes and summarizes the current situation of performance auditing in China from the existing researches, and deduces the development characteristics of performance auditing in China by exploring the influencing factors and basic conditions for the development of performance auditing, and draws the following conclusions from this article.

Table 6

Changes in Performance Audit Evaluation Dimensions from 2011–2021

Report Year	Economy	Efficiency	Effectiveness	Social and economic effects	Eco-efficiency	Fairness	Environmental
2011	✓	✓	✓				
2012	✓	✓	✓				
2013	✓	✓	✓				
2014	✓	✓	✓	✓			
2015	✓	✓	✓	✓			
2016	✓	✓	✓				
2017	✓	✓	✓	✓	✓		
2018	✓	✓	✓	✓	✓		
2019	✓	✓	✓				
2020	✓	✓	✓		✓	✓	✓
2021	✓	✓	✓		✓	✓	✓

Source: Compiled by the author.

Table 7

Changes in Performance Audit Methodology Model from 2011–2021

Report Year	Data Analysis	On-site verification	Contrast Analysis	Document Review	Big data analysis	Satellite image data analysis	Use of third-party related information
2011	✓	✓	✓	✓			
2012	✓	✓	✓	✓			✓
2013	✓	✓	✓	✓			
2014	✓	✓		✓			✓
2015	✓	✓	✓	✓			
2016	✓	✓	✓	✓	✓		
2017	✓	✓		✓		✓	
2018	✓	✓	✓	✓		✓	
2019	✓	✓		✓			
2020	✓	✓		✓	✓		
2021	✓	✓	✓	✓	✓		

Source: Compiled by the author.

First, the basic positioning of performance audit is supervision: it has risen to the level of promoting the modernization of national governance capacity and governance system, as well as promoting high-quality development, from improving macromanagement, strengthening performance management, and promoting full audit coverage.

Second, in China, performance auditing primarily concerns livelihood programs, but in recent years, it

has expanded to include developing fields such as fundamental scientific research, shared data management, and network security.

Third, the content of performance audit extends from the management and use of funds to the implementation of policies and project management, and is dynamically adjusted and updated with the national will and local development planning. And the diversification of performance audit methods, based on traditional audit

methods to actively explore big data audit, satellite image analysis and other information technology tools.

Fourth, the evaluation dimension of performance audit has developed from “3E” to “5E”, which profoundly reflects the change in demand for high-quality development transformation due to the change in the main contradictions of Chinese society in the new era.

Recommendation

From the textual content of these eleven reports, and looking at the general environment of performance auditing in China, it can be found that performance auditing has reached a critical transition period for high-quality development, and it is urgent to achieve a more standardized and professional development. In this regard, this article makes the following recommendations. First, it is necessary to establish a sound system of professional and technical

specifications for performance auditing in China. Second, it is to expand the content of performance auditing. Auditing departments must pay more attention to the process and results of performance auditing and increase the performance auditing of fund revenues and expenditures of major public sectors such as administrative units and public institutions. Thirdly, it is to build a performance audit system with diversified subjects. To improve the level of performance audits, it is required to develop a perfect and sound audit system headed by government auditing institutions and confirmed by social auditing, to strengthen the monitoring of government performance auditing, and to optimize the management function. Finally, it is necessary to innovate the method of performance auditing. With the digital development of auditing, it has become necessary to establish a big data audit platform to realize continuous performance auditing.

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