

Exploration and Analysis of Public Investment Project Audit in China

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Abstract

Decades of years after World War Two, The Development of public investment was in a unprecedented period of great prosperity. Fairly rich results have been made for the theoretical Research on public investment in Developed Countries. In China, there had been wide and deep studies on the subject of Investment Project for a long time, lots of achievements had been obtained. Since 1990s, the theoretical Research of public investment has attracted more attention. With the development of years, there are many achievements in many aspects. However, in china, the theoretical Research on the public investment project audit is quite underdeveloped.

With the further development of China's reform & open-door policy, the Development of the public investment on theories and practices is becoming more complicated. The task on the public investment project audit becomes more and more important. Strengthen theoretical research of the public investment project audit that not only relate to the creativeness and Development of the public investment project audit theory, but also improving the decision of the government investment, expanding domestic demand and economic growth, promoting our Economy getting out of the financial crisis, realizing development more better and faster, to all have the graveness and profound meaning.

Keywords: *public investment project, audit, exploration and analysis*

1. Introduction

As the most early research results, in 1776, as the Scottish economist and philosopher, Adam • Smith's book "The Wealth of Nations" in reference to the capitalist national government public functions of three basic functions, public functions is to provide Public facilities and public services. In China, "public investment" is that the Government pay for the entire physical infrastructure - particularly in infrastructure spending. In accordance with the national financial system, "the physical facilities of the expenditure" is known as fixed-asset investment. Thus, the main content of China's public investment is in fixed assets investment. (Whose habits will be referred to as public investment for short). China's socialist economic systems is based on socialist public ownership of means of production and implement a planned commodity economy, the country's public investment most part is controlled by the State. This determines the scope of China's public investment and the specific nature of the audit. Since the reform and opening up, investment financing system reform and economic construction is rapid developing, public investment-related theoretical research has achieved some results. Focus on research findings of investment projects, public investment projects, public investment projects and public investment projects audit are as follows.

2. Research of Investment Projects

For a long time ,around the theme of investment projects, we carried out extensive and in-depth study and achieved a great deal of research results. According to China's (CNKI) Literature Database, as of June 12 2009, the research of "investment" and related articles have: 185,443 scholarly journal articles, 5501 doctoral dissertations, 33616 Master's thesis, 3183 conference papers, 61974 newspapers Full-text, 3172 scientific and technological achievements; experts and scholars make many interpretation and discussion of different aspects on the concept of investment projects,

institutional systems, decision-making, management, evaluation, which are more representative examples of research papers and their views are as follows:

2.1. With regard to the definition of investment projects. ZHANG Dao Hong, HU Wen xiu¹ said: "Investment projects refer to the initial net cash flow is less than zero project." Hu Ai hong² said: "Compared with the capital projects, investment projects covering a wider range, as long as certain funds to be invested, implementation of the planned program and achieving the investment objectives of the project can be called investment projects. "Tian hong Hai³ said:" The investment projects do not mean a whole volume, but it means totality. CPC Central Committee, " the decision of a number of issues on the establishment of a socialist market economy, ," put the All investment projects divided into three categories, namely, competitive projects, infrastructure projects and public welfare projects. "

2.2. With regard to investment projects institutional systems. QIAN Wei⁴ formed based on decision-making body to pay to build the structure and function of the consequences of the system of government investment projects of examination of the framework and systems. Zhao chun yi⁵ defines the meaning and scope of the Construction Agent, nature and characteristics. Duan Xiao mei⁶ introduced the two types of investment projects of the Chinese government on behalf of the construction of the existing model in which the owners and the owners of the executive agency model of the market proxy mode, and compared to two types of agent models ,and constructed the efficiency of government investment projects. Wu duan duan⁷ used contrast, inductive, deductive reasoning, proof methods as well as political science, administrative science, sociology and other scientific theory to build the legal mechanisms of the prevention of major investment projects of the government policy mistakes.

2.3. With regard to investment projects decision making. Zhuo Feng⁸ explored investment projects decision-making steps, procedures and methods and techniques of applicable. Xu Ai Qing⁹ based on the project of sustainable development theory to decision-making as the guiding ideology and direction, used the three major systems of integrated economic, social and ecological to evaluate the project different from the single traditional evaluation approach .Yao guo Bing¹⁰ discussed the establishment of decision-making mechanisms of government investment projects and the establishment of fuzzy comprehensive evaluation method. Hou Lin lin¹¹ from how to optimize the

¹Zhang Dao hong, Hu Wen xiu, "non-investment projects rate of return and the decision criterion discussion," "techno-economic" in 1995, 06.

²Hu Ai Hong, "Analysis of corporate capital investment plans," "non-ferrous metal industries" in 2005,08.

³Tian Jiang hai, "On the investment in the macro-control" "Investment Research" in 1995,03.

⁴Qian Wei, "system of government-funded research based on the decision-making body analysis "doctoral dissertation of Nanjing University of Science, in 2007.

⁵zhao chun yi, "China's non-operating government-funded projects System Agent research ," doctoral dissertation of Tongji University, in 2008.

⁶Duan Xiao mei, "the government investment agency chain and agent efficiency study" master's thesis of Hunan University, in 2006.

⁷Wu duan duan , " establish the legal mechanisms to Prevent major investment projects of the government policy mistakes " master's thesis of Fuzhou University, in 2006.

⁸Zhuo Feng, "investment project decision-making research" Master's thesis of People's Liberation Army National Defense University of Science and Technology, in 2002.

⁹Xu Ai Qing, "investment project decision-making theory and method of knowledge systems research", Master's thesis of Kunming University of Science, in 2003.

¹⁰Yao guo Bing, "the decision-making mechanisms of government investment projects," master's thesis of Zhejiang University, in 2006.

¹¹Hou Linlin, "investment portfolio risk decision model and algorithm," Master's thesis of Hebei University of

allocation of funds and other resources to carry out investment projects in terms of portfolio investment in the portfolio decision-making model to studied.

2.4. With regard to investment project management. Yin Chong¹² proposed a new vision of government investment project management system and had breakthrough in the management of institution building. da Jun¹³ innovated the new management models, scientific decision-making, fair competition, efficient implementation, reasonable and effective management of government investment projects. Chi hui¹⁴ explore the "Construction Agent" and the new government investment projects management. Wang Ning¹⁵ proposed investment projects by local governments in the oversight issues due to oversight mechanisms can not adapt to changes in the current investment environment, we need to improve and innovate supervision of the current local .

2.5. With regard to investment project evaluation. MAO Ming lai¹⁶ use Simon's "bounded rationality" as the theory of economic evaluation of investment projects, and carried out in-depth exploratory research to investment projects of the theory of economic evaluation. Li Hai tao¹⁷ for the actual selection optimum use of IRR provides a theoretical basis. Ma li na¹⁸ based on enterprises to evaluate build a more comprehensive evaluation index system. Huang De chun¹⁹ reviewed the status of domestic and foreign research and discussed comprehensive post-project evaluation of the investment theory, method and application systems, and conducted empirical research.

3. Research of Public Investment Projects

The meaning of public investment projects in the academic community have the broad and narrow sense. Broad sense refers to all public investment projects to invest in public infrastructure and public services sectors, and provide a basis for the community and the public nature of goods or services to format investment projects. Narrow sense of public investment projects specific to the Government as the principal investor in infrastructure and natural monopoly sectors of the physical nature to format the public investment projects. Since the age of 90 years, the study of public investment projects is gaining more and more attention of scholars. At present, most scholars use government investment projects as a research priority. After 10 years of exploration and development, public investment projects research has accumulated gratifying results. According to China's (CNKI) Literature Database, as of June 12 2009, related to "public investment projects" Articles including: 1192 academic journal articles , 136 PhD thesis, 453 master's thesis, 33 conference papers, 243 full text newspapers, 6 scientific and technological achievements; study will address the institutional system of public

Technology, in 2005.

¹²Yin Chong, "the government investment project management system research" Master's thesis of Ocean University of China, in 2005.

¹³Da Jun, "China's government investment project management model study" master's thesis of Hohai University, in 2007.

¹⁴Chi hui, "China's government investment project management model of development research" master's thesis of Southeast University, in 2006.

¹⁵Wang Ning, "local government investment project monitoring mechanism research" master's thesis of West China University, in 2008.

¹⁶MAO Ming lai, the " under the harmony concept of economic evaluation of investment projects" doctoral dissertation of Tianjin University, in 2007.

¹⁷Li Hai tao, "limited rationality-based economic evaluation of investment projects" doctoral dissertation of Tianjin University, in 2006.

¹⁸Ma li na , "Technology Investment Project Evaluation Theory and Methods," doctoral dissertation of Jilin University, in 2007.

¹⁹Huang De chun, "Investment post-project evaluation theory, method and application of research" doctoral dissertation of Hohai University, in 2003.

investment projects, policy-making, project management, project evaluation, compared to overseas research, etc., of which there are more targeted feature articles. Now chosen representative articles of public investment projects for example as follows:

3.1. System on public investment projects. Zheng Shu qian²⁰ think that to build a harmonious society and solve China's public investment laws for the current problems, there is a need for public investment in reshaping the legal system. Ding Zhao Yong²¹ believes that operating system to speed up public investment and build up the socialist market economic system compatible and efficient operating systems, research should focus on operational mechanisms and institutional aspects. Yang Rui²² choose to pay the owners to ensure the security system in the application of the government's public investment projects as a research theme, trying to build a framework for the new system to make recommendations. Hu Yuan Cong²³ think that with the development of society, we have a urgent need for public investment of the diversification of the main body in order to build the main part, the private economic agents, as well as the main foreign investors in a diversified mutual cooperation as the main investment system.

3.2. Decision-making on public investment projects. Xie Lin lin²⁴ use construction projects of public investment decision-making mechanism for the research topic, and for improving China's public investment in construction projects more efficient and effective decision-making put forward some ideas and methods. Zhao rui Min, Liu Yue ming²⁵ from the public investment decisions to start the particularity of proposed public investment decisions to achieve scientific countermeasures. Tang Wei²⁶ discusses the public nature of Government's investment projects.

3.3. With regard to the public investment program management and supervision. Lee xi kun²⁷ think that the Agent System is the development trend of public investment. Wu Xiang ming²⁸ through the Shanghai Pudong International Airport and Shanghai High-Speed Maglev Demonstration Line project case studies to explore the basic pattern of the management of public investment projects. Xu Min na²⁹ think that the market-oriented construction and management of public investment is the good method that make China's full implementation of governance by law, and constantly improve the management level and efficiency of public investment in building effective measure. Yang fei xue and hong chuan jun³⁰ made two aspects of decision-making and

²⁰Zheng Shu qian, "harmonious society from the Perspective of the legal system, public investment in remodeling," Shandong Social Science, in 2007,06.

²¹Ding Zhao Yong, "Study of China's public investment in operating system," doctoral dissertation of Jilin University, in 2004.

²²Yang Rui, "ensure payment guarantee system research of public investment projects" master's thesis of Chongqing University, in 2007.

²³Hu yuan cong, "China's legal system access to public investment in research" Master's thesis of Southwest University of Political Science, in 2006.

²⁴Xie Lin lin, "Public investment and construction project decision-making mechanism," doctoral thesis of Chongqing University, in 2005.

²⁵Zhao rui Min, Liu Yue ming, "to achieve public investment of scientific Countermeasures of decision-making", "Journal of Beijing Institute of Economic Management," in 2006,03.

²⁶Tang Wei, "the government's public investment decision-making control over research," "science and technology market economy," in 2007, 10.

²⁷Li xi kun, "the Chinese government public investment project management mode selection", "Huxiang Forum" in 2007,03.

²⁸Wu Xiang ming, "public investment project management practice and exploration," "Shanghai Jiaotong University," in 2002,08.

²⁹Xu Min na, "Public investment and construction management of market-oriented thinking", "Journal of Southwest University for Nationalities (Natural Science Edition)" in 2006, 02.

³⁰Yang fei xue, hong chuan jun, "public project investment decision-making control", "Journal of Dalian Maritime University (Social Science Edition)" in 2008,01.

supervision to build a project of two-way communication of macro decision-making and project management decision making ,improving efficiency of fund utilization. Sun Hong bing³¹ and so on think that city government investment projects induct the introduction of agent construction and general contracting system,at last he analyzed and made recommendations for these models in the implementation of the problems. Li Cai ping³² think that there are two important factors affect the cost of public investment: the investment of the main decision-making accuracy and investment operation of market-oriented. The two Elements in various ways affect the public investment cost. Yao guang ye³³ considered it necessary to explore how to establish a more comprehensive, standardized model of the project supervision to ensure that public investment projects to achieve the best results. Wang Yan³⁴ discuss how to build a whole process, multi-level, three-dimensional monitoring system of public investment projects. Xie Sheng feng³⁵ think that we must reform the government's investment budget management system, establishing the Chinese government investment expenditure control and management system, actively promoting the power of rent-seeking Agent System to compress space, establishing investor decision-making accountability and project accountability, implementing the accountability system in a bid, preventing and reducing of corruption in public investment.

3.4. With regard to public investment project evaluation. Bao Liang³⁶ fully explore performance evaluation of public investment projects, contained theory, evaluation methods, indicators system and management system. Gu hai jun³⁷ considers it is necessary according to the economic characteristics of public projects based on the existing system of economic evaluation of investment projects, to build and improve the economic evaluation index system. Gao Chun mei³⁸ major study post-evaluation of public investment projects, designing roads, water, hospitals, schools and other projects of the post-evaluation indicators, establishing four types of public investment projects in this post-evaluation index system. Wang Hong Yan³⁹ put forward specific public project evaluation system of China for economic evaluation of public projects and theories. Yang Yu⁴⁰ establish China's public investment building construction project management evaluation index system, and pointed out the applicable evaluation methods and indicators system applications.

3.5. With regard to foreign research in the public investment program. In the U.S., post-evaluation work has been the public investment of federal government and local governments which constitutes an integral part of the decision-making. the results of the post-evaluation has become an important factor that measure in whether or not

³¹SUN Hong bing, xiang gang, Huang Yong lin, Sun qing chun, ZHAO Ze kuan "City Government Investment Project Management Model research", "Kunming University of Technology (Polytechnic Version)" in 2006, 06.

³²Li Cai ping, "Public investment cost analysis and control", Jiangxi Institute of Public Administration in 2008,04.

³³YAO guang ye, "China's Pattern of public investment regulation," Journal of the CPC Central Committee Party School, in 2008 ,01.

³⁴Wang Yan, "On the problems of public investment projects and regulatory measures," "vertical and horizontal social sciences," in 2005,05.

³⁵Xie Sheng feng, "corruption in public investment: economic effects, the system Origin and governance", "National Institute of Public Administration," in 2006,01.

³⁶BAO Liang, "Performance Evaluation of public investment projects and management System" doctor thesis of China University of Geosciences (Beijing),in 2008.

³⁷Gu hai jun, "Study on Economic Evaluation of public projects," doctoral dissertation of Hehai University, in 2007.

³⁸Gao Chun mei, "post-project evaluation of public investment theory and method research", Master's thesis of Tianjin University,in 2004.

³⁹Wang Hong yan, "public project economic evaluation system for research", doctoral thesis of Northeast University of Finance,in 2007

⁴⁰Yang Yu, Xie Lin lin, Zhang Yuan Lin, "Public investment and construction project management model evaluation index system", "Chongqing Architecture University," in 2006,03.

reasonable of the national budget policies. With Japan's postwar economic development, indicating that such a law: between the Government's public investment and increase in the national economy, there are mutual close and mutual restraint relationship⁴¹. Yang Shu chen⁴² preliminary analyze the Japanese government's public investment how to adapt to the economic development needs. China is in the early stages of industrialization, drawing on the experience of Japan's public investment, constructing suitable for China's economic development needs of the public utilities system and helping to promote sustainable and steady development of China's economy. A new round of speeding up reform in France in 2003 achieve the reconstruction of power relations of the government the initial vertical and horizontal dimensions. After The expansion of the local authority, the central government strengthened power constraints of local supervision. Learn from French experience, the Chinese government should invest in regulatory streamlining the central and local power relations, nailing down the main powers and responsibilities, promoting the legalization of regulation functions. Australia's public investment regulatory practice⁴³ is main characterized by diversification of government investment, public-private partnerships, the private sector participation in public investment and construction projects, multiple investors form a variety of public programs Investment operating mode in Australia⁴⁴. After the mid-80s, along with the market wave of privatization and Israel, Egypt, Turkey three country's domestic economic reform process. Israel, Egypt, Turkey three country's public investment and financing products and business activities gradually opening up domestic and foreign enterprises, individuals and social institutions. At present three areas of public investment in the country have formed a new pattern namely the government, enterprises and individuals invest in diversification and investment and financing sources of multi-channel⁴⁵. Peng Li⁴⁶ drawing on World Bank projects post-evaluation of practice, with China's national conditions, explore a five-point evaluation system of Enlightenment and the overall framework with the Government's public investment project performance evaluation of Chinese characteristics.

3.6. thematic studies On public investment (project). In addition to the above studies, scholars have carried out in varying degrees of research and exploration about public investment projects in China that is currently facing a wide range of issues. Chen zhong Xi⁴⁷ put forward their views and suggestions on strengthening and improving the public investment in urban communities, the basic ideas, focus, policy direction. Fu Jin ling⁴⁸ on public investment issues in China's agricultural research results show that the problem of domestic public investment on agricultural research still mainly strengthen qualitative analysis of agricultural public goods characteristics, types, and the provision of public goods and the Government's main attributes of public goods in agriculture

⁴¹Hou shi an , "the U.S. public investment in the post-evaluation process and Implications for China", "Hubei taxation" in 2001, 20.

⁴²Yang Shu chen, "The Japanese government's public investment in how to adapt to needs of economic development", "Japanese Journal" in 1991 ,05.

⁴³ Shao Ming chao, "decentralized public investment since the reform the supervision of the French Review," "economic and social system " in 2008,03.

⁴⁴Jin Chun Tian, Wei Liu Ying, "Australia's public investment in monitoring and Inspiration", "China Economic Tribune" in 2007,18.

⁴⁵Wang Wen xiang, "Israel, Egypt, Turkey three public investment and financing management and Implications", "China Investment" in 2000,12.

⁴⁶Peng Li, "Performance Evaluation of public investment projects and draw on international experience," "science and education, Wenhui (published in late)" in 2007, 07.

⁴⁷Chen zhong Xi, "public investment in urban communities study", Master's thesis of East China Normal University, in 2006.

⁴⁸FU Jin ling, "China's public investment in agriculture research," doctoral dissertation of Huazhong Agricultural University, in 2005.

provided with what role it should play in the end, the current existing major problems and countermeasures of agricultural investment .Xu Xi Zhu⁴⁹ revealed and analyzed the problems of local government public investment and made some suggestions. LAI Xu hong⁵⁰ explore and define the definition and boundaries of public investment, private investors, and its scope of application, demonstrated at the present stage in China through various means of financing the public investment in the field of private capital into the feasibility and advantages. Zheng Yu ke⁵¹ think that the "Eleventh Five-Year" put forward new demands from quantity and quality of development for the University of Science and Technology Park on the construction of China, therefore, it is necessary to study abroad University of Science and Technology Park building theory and development trend and to research China University of Science and Technology Park Construction theoretical. He discussed the building of China University of Science and Technology Park research in the theory. Xie di, Ding Zhao Yong⁵² study the corruption in the public area of investment, pointing out that in order to raise public investment to promote performance of economic growth , we must set up an effective system of prevention of corruption in the public decision-making and implementation process. Che chun peng⁵³ analyze the problems faced by franchise operation from the legal, risk-sharing, government regulation and other point of view of public investment projects,he made effective implementation of the franchise business model countermeasures and suggestions.

4. Conclusions

The results of this study showed that more than 30 years, China's public investment in areas of profound changes have taken place. On the fixed assets investment projects as the main content of the audit of the audit of public investment projects for the development of the country's economic construction has made a significant contribution. However, China is currently working with "the public investment program audit" related research mainly related to the "public works audit", "investment in fixed assets audit", "government investment project audit" or "construction project audit" and other conceptual framework. theoretical research of Audit of public investment projects are rather weak, the theory research of Audit of public investment projects data is very little. So far in 1998, as the proactive fiscal policy, the Chinese Government has continuously increased the intensity of fiscal expenditure; second half of 2008, in order to cope with the international financial crisis, the Chinese Government promulgated to total social investment program that they want to use 1.18 trillion yuan of central government investment driven 4 trillion yuan. To strengthen auditing and supervision of public investment have already become one of the most important and most urgent task, the public investment program auditing theory research has become an urgent issue. We have a Urgent need for public investment projects carried out a comprehensive summary of the audit in order to explore its own laws to carry out a theoretical Sublimation, to create the audit mode that accord with China's reality of public investment projects, so that the Chinese government audit can be injected new vitality and come into the mainstream of the world's audit, walking toward audit modernization. a comprehensive summary of practice and theory of The audit of public

⁴⁹Xu Xi Zhu, "Local Public Investment Research", master's thesis of Northeast University of Finance, in 2005.

⁵⁰Lai Xu hong, "private capital to enter the field of public investment in applied research problems," master's thesis of Chongqing University, in 2004.

⁵¹zheng Yu ke, "the building of the University System of Science and Technology Park based on the perspective of public investment to support " a master's thesis of Northeast University of Finance, in 2006.

⁵²Xie Di, ding Zhao Yong, "public investment, economic growth and corruption-related issues research," "Truth-Seeking Journal" in 2003 , 01.

⁵³Che chun peng, " operations and countermeasures analysis of the public investment projects franchise problems", "Infrastructure Optimization" in 2006 ,05.

investment projects have significant and far-reaching significance that is not only good for the audit of public investment projects, the theory of innovation and development, but also good for improving the government's investment decisions ,achieving expansion of domestic demand and promote economic growth, promoting China's economy get rid of the international financial crisis ,achieving better and faster development.

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