Audit of Poverty Alleviation Funds in China

----A Case of Application of ISSAI 5130

National Audit Office of China
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Poverty Alleviation in China

National Sustainable Development Strategy (China’s Agenda 21)

China Rural Poverty Alleviation and Development Programme (2011-2020)

The next five years' action plan (2016-2020)
Poverty alleviation goals in China

➢ By 2020, **70 million** people in rural areas will be lifted out of poverty

➢ To ensure the targeted people:
  • have access to food and clothing,
  • enjoy compulsory education, health service and housing
Application of ISSAI 5130 in Planning and Conducting Poverty Alleviation Audits

CNAO’s real-time policy audit

+ Part 3 of ISSAI 5130

Audit of Poverty Alleviation Funds
Poverty Alleviation Policy Package -- related with funds

- Fiscal policy: Special Transfer Payments
- Infrastructure investment: Roads, SHP
- Financial service: Microfinance
- Industry support: Planting and breeding
- Ecological conservation: Eco-compensation
Audit objectives/questions

- To evaluate the compliance of the management and use of poverty alleviation funds.
- To what extent that goals of poverty alleviation projects have been achieved.
- To what degree that related departments performed their duties in allocating and managing poverty alleviation funds.
Audit scope

- Poverty alleviation funds: 5 billion Yuan (1US$=6.67 Yuan)

- Main stakeholders involved:
  - 40 County-governments and their affiliated departments----allocate and supervise
  - 364 towns, 1794 villages----Funds users

- Audit period: 2013 to 2015
Audit criteria

- China's Agenda 21
- China Rural Poverty Alleviation and Development Programme (2011-2020)
- Rules for the Management of Public Special Funds for Poverty Alleviation
- Other laws and regulations
Audit findings

- 843 million Yuan has been idle for a long time.
- The supervision of poverty alleviation funds at grassroots level was relatively weak and 138 million Yuan was defrauded, arbitrated or illegally used.
- The poverty alleviation projects were poorly managed and 299 million Yuan failed to create benefits or was lost or wasted.
Maximize the audit's impact

- Recommendations to the central government
  - To improve the poverty alleviation funding mechanism
  - To improve the information disclosure mechanism covering the whole process of the management and use of poverty alleviation funds
  - To strengthen supervision and inspection
Maxmize the audit's impact

- **Follow-up**
  - 202 million Yuan recovered or revitalized
  - 22 people punished according to laws
  - 55 related regulations and rules formulated or improved
Way forward: Application of ISSAI 5130

- More audits of sustainable development strategy will be conducted (Part 3 of ISSAI 5130)
- More audits using a sustainable development lens (Part 4 of ISSAI 5130)
  - Enhance the function of the Coordinating and Leading Group of Environmental Audit within CNAO
• More Audit Reports by CNAO:
  www_audit.gov.cn/en

Mr. Liu Huibo
cnaolhb@sina.com