



Audit of Poverty Alleviation Funds in China

----A Case of Application of ISSAI 5130

National Audit Office of China



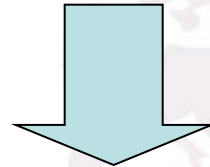
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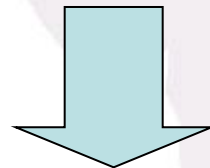


Poverty Alleviation in China

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

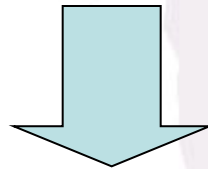


Application of ISSAI 5130 in Planning and Conducting Poverty Alleviation Audits

CNAO's real-time policy audit

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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 grass-roots 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



Maximize 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

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