

## The relationship of national audit and public finance expenditure

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Public finance is generally divided into fiscal revenue and public finance expenditures. Today, we mainly discuss the relationship of public audit and the efficiency of public finance expenditures.

From birth, We enjoyed the services provided by the national finance, medical treatment, traffic, public security and education, as we are all standing here. Providing public services is bound to generate public spending, which will inevitably cause the problem of high or low public spending efficiency.

About the public spending [U+FF0C] what we care about mostly is whether it can be made into full use to people for it come from people. In order to improve the efficiency of public expenditure, the various of coping mechanisms come into being. The national audit is the immune system of national governance, which way does the national audit take to improve the efficiency of public spending?

It is generally believed [U+FF0C] The national audit has the functions of revealing, punishing and advising. Revealing function is to find problem, the function of punishment is mainly used to investigate who is responsible for the problem while the advising function is to provide suggestions aiming at those system deficiency and push the rectification. The above three kinds of functions can be separately exert its action, but play a role as a combination is more common. To sum up, The three kinds of functions can result in exposure effect, deterrent effect and resistance effect on public spending separately or as a whole and these effects can promote public expenditure efficiency.

### 1. Revealing function and exposure effect

Revealing function is one of the basic functions of the national audit, which is inherent properties of national audit. In different periods, the main point of revealing function will be different. Currently, national audit focus on revealing illegal actions, which damaging the interests of the masses and endangering national economic security, revealing the institutional barriers, institutional defects and loopholes in management, which is the premise of punishment function. If the national audit cannot find illegal problem, The audited entity will not undertake the corresponding responsibility naturally, not to mention the punishment function and audit institutions will not put forward the corresponding audit recommendations. Audit institutions take ways of carrying out punishment and putting forward audit suggestions to correct design or implement deviation to promote the improvement of the system and mechanism.

Exposure effect originate from audit revealing function, which is the technical attributes of audit. The realization of exposure effect require national audit institutions to give full play to the function of audit reveal function, find out and disclose the audited entities' problem when they fulfill public expenditure responsibilities. On the one hand, identify whether kinds of financial revenues and expenditures conform to the established standards, and its legality, compliance. On the other hand, according to the audit law and other relevant laws and regulations, releasing the audit report, the audit results announcement, files of rectification through website, newspapers and other media to make audit results public. Audit institutions can use the pressure of public voice to restrain the audited entities' opportunism behaviors. After illegal problems were found,

Audited entities may take methods of various forms of lobbying behaviors to influence the outcome of the audit, even capture audit institutions. However, if there is a kind of effective system arrangement which can make audit results public, audit institutions and the audited entities are under the restriction and supervision of audit results public system. It will be difficult to take advantage of information for their own profits, audit institutions must also stick to disclose the real audit results. Audit institutions find out and disclosure problems, through the exposure effect, can make the relevant units continuously regulate the use and management of finance capitals and promote the efficiency and effect of public funds.

## 2. Revealing function, punishment function and deterrent effect

The deterrent effect of national audit is based on the audit revealing and punishment function to realize. Deterrent effect refers to the audited department is afraid of the severe consequences after problems were found and take the initiative to end its illegal behavior.

The deterrent force of audit is originated from the ability to reveal violations and the corresponding punishment strength. The penalty function of audit is to increase the cost of offenders, so as to achieve deterrent effect on potential offenders. The level of deterrent effect depends on judgment of the potential offenders for the handling of the punishment. Only when the potential offenders believe that the violations they implemented must have been found or is likely to be audited and corresponding processing been carried out, meanwhile, illegal income is less than the violation cost, the deterrent effect of audit is worked.

Audit institutions make the audit reveal function worked by supervising the local government to carry out fiscal policy, related laws and regulations to discover the illegal behavior in financial revenue and expenditure activity. In all, on the basis of the legitimacy audit of the financial revenues and expenditures [U+FFOC] Audit institutions take these problems seriously, investigate the responsibility who are responsible for the problems and constraint violation behavior to promote the efficiency of public spending.

## 3. Revealing function, advising function and resistance effect

Audit institutions improve the mechanism of fiscal system, perfecting the financial management system, promote the policy implemented and play a part in audit recommendations function in the way of correcting the illegal violations of the financial revenue and expenditure. Given self-interest tendency and information asymmetry, violation behavior often exist in the process of using the financial capital, leading to the fiscal embezzlement, loss and waste of resource and damage financial security.

And the defects of financial system and financial management itself and the problems in implementation and execution is the important reason for the threat of local government financial security.

Local governments implement the unreasonable financial system and leaky management must give rise to phenomenon such as waste, distortions, influencing the effectiveness and stability of the fiscal revenue and expenditure, eventually threaten financial security. Audit institutions will find problems, analyze problems in the audit process and put forward the audit report and audit recommendations.

The resistance effect of the national audit worked through revealing function and recommendation function. Audit institutions argues that "based on constructive, adhere to the critical". In terms of problems found, we should track its reason, find the defects in system and mechanism, and put forward suggestions for the optimization of system on this basis. Audit revealing function is the foundation of recommendation function. Based on the function of revealing, audit institutions shall first put forward suggestions to establish and perfect rules and regulations, to perfect the system and mechanism, then push related audit recommendations adopted and implemented. So, national audit improve the efficiency of public spending by finding and correcting system defects.