

Research on Local Government Debt Audit under PPP Model

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Abstract. Under the economic environment of supply-side reform, with the development of urban integration and innovative industries in China, many areas will continue to face a large number of infrastructure construction deficiencies. The government and social capital cooperation (PPP) model is a good way to solve the problem of public infrastructure investment, operation and maintenance at this stage. This paper reinterprets the auditing dilemma of government debt in PPP model, focusing on the issue of debt acquisition and repayment risk, and puts forward some countermeasures and suggestions.

Introduction

The existing literature research on PPP project mainly focuses on the analysis of technical level and management level. In terms of technology, scholars are more inclined to pay attention to the problem of government-borne debt in the operation of PPP model. The conclusion is that the long span and unpredictable level caused by government-borne debt is the cause of the dilemma of local government debt audit. Wang Liguang et al. (2016) creatively proposed a four-dimensional tracking audit method for the whole life cycle of PPP model, which consists of four aspects: feasibility report analysis, policy research implementation analysis, process legitimacy analysis and investment performance analysis. (Sun Lingzhi, Jia Hongjun, Yixin, 2016) He believed that national audit supervision should focus on value audit from the perspective of life cycle, strengthen contract audit from the perspective of reasonable risk sharing, and take the perspective of national governance as the basis of audit, so it should be more important. Pay attention to pre-audit. Scholars at the management level tend to attribute the causes of audit dilemma to the different accounting treatment methods of PPP model with multiple financial reporting subjects, public sector and private sector. The audit of PPP mode focuses on the transformation from legitimacy audit to performance audit, thus ignoring the problem of government debt in PPP mode. In the environment of cooperation between government and social capital, the government and social capital jointly set up a project company, which is also responsible for the construction and operation of the project. This result is obviously different from the goal of national audit, which means that national audit needs to improve the previous audit methods and audit paths in the construction of PPP projects.

The Concept and Advantage of PPP Model

PPP mode mainly refers to the cooperation between government and social capital through funds, mainly around the construction of public infrastructure. Local governments through PPP model

have an immediate effect on accelerating the pace of urban modernization construction and alleviating local government debt. Faced with heavy debt pressure and infrastructure construction pressure, local governments need to find a new way to resolve debt risk. From the perspective of local government management, PPP model can effectively alleviate debt pressure and reduce the indispensable financial and management pressure in infrastructure construction. From another point of view, the government can change its work function by applying PPP model, from the former project implementer to the initiator, manager and supervisor of the project. By using the cooperation model of government and social capital, the local government can transfer the task of public project construction to social capital, and can accomplish it through the task. Distribution improves the efficiency of project construction. Through market-oriented system selection, management can be allocated to the social capital sector which is in a dominant position in the market competition, giving full play to the advantages of the private sector, and ensuring maximum economic benefits.

From the perspective of social capital, PPP financing activates idle social capital and provides them with more ways to make profits. In the process of participating in construction, the private sector can play its advantages of rich experience and more innovative power, and invest capital, technology and management in the construction of public infrastructure. In the process of cooperation with local government departments, we can gain visible economic benefits and accumulate more experience in construction management, enrich ourselves and enhance our competitiveness.

Through the analysis of the practice of PPP model in Western countries, we can see that PPP model can speed up the construction of urban infrastructure and fill the shortage of funds. The scale of expressway, subway, airport, water and power supply is relatively large, the construction period is long, and the amount of funds needed is large, but the reality is that the local government's financial and administrative rights. Unbalanced, it is easy to have inadequate intentions. Local governments play a leading role in introducing idle social funds and reaching long-term cooperation agreements with social capital. Social capital with clear long-term contract relationship and participating in the project should ensure its own strong economic strength, because the amount required for the above projects. Relatively large. In this way, in the same period of time, the efficiency of infrastructure construction can be improved. Local governments can often achieve more goals of infrastructure construction, provide better services for society, and help the rapid development of society.

Analysis of the Current Situation of Local Government Debt

In the PPP operation mode, the matrix induction method is highly recognized by scholars in the classification of local government debt. This method divides government debt into four categories: explicit debt and implicit debt. At present, local government debt in China can be divided into two categories: one is the debt that is permitted by relevant policies and is publicly disclosed by the government, that is, explicit debt; the other is the debt that is not publicly disclosed, such as the debt that is guaranteed by the local government according to law or which needs to bear the corresponding repayment responsibility in the later period within the scope of legal provisions. That is implicit debt. Because PPP mode is more used in the power of social capital, the government adopts the way of promising to pay in installments or giving the society the right to operate from the company, so the existence of this form can be understood as implicit debt.

Necessity of debt audit

Early Warning of Local Government Debt Risk. Local governments, considering their own interests, may subconsciously protect their debt problems, so they may not fully transparent their debt problems. Moreover, in the current situation of greater financial pressure, local governments will make a horizontal comparison of the choice, with a large number of borrowing motivation, local government audit departments at their own level are difficult to implement audit procedures, the effect of self-examination and self-correction will be discounted. However, as an independent department, the third-party audit can guarantee its independence very well. By using the method of audit supervision, the problems exposed in the process of local economic operation can be found in time in the process of implementing audit procedures for local government debts, and the risks can be better identified and determined by the audit procedures. In the field of risk, we should protect the orderly and healthy development of the national economy by early warning the local government debt risk.

Revealing the Debt Management of Local Government. As a third party, the audit department has the characteristics of independence, which may be less affected by the administration. It can insist on exercising the economic supervision power on the premise of guaranteeing independence in accordance with the requirements of laws and regulations. The implementation of local government debt risk audit requires in-depth audit investigation in various departments, inquiry and review of relevant information, paying attention to the borrowing, use and repayment of funds in the whole process, analyzing possible audit risk points, and putting forward reasonable corrective suggestions to relevant departments and arousing their attention. To urge local governments to make timely rectification, further improve the management mechanism, and give full play to the role of preventing local government debt risks.

Preventing excessive debt issuance by local governments. Through the audit investigation of the local government debt risk, we can deepen the understanding of the debt scale borrowed by the main leaders during their tenure of office, and more comprehensively and objectively analyze the origin and destination of these debt debts, which is helpful to examine whether the cadres need to shoulder the corresponding leadership responsibility during their tenure of office, and objectively. By analyzing the solvency of local government debt and understanding the economic benefits of the use of funds, we can find out whether local government leaders pay enough attention to local government debt. After examining the existence of large-scale borrowing of debts not in accordance with national macro-policies, illegal guarantees not in accordance with national regulations, and misappropriation of special funds, the subject of responsibility for relevant economic events can be clearly defined, and the responsibility of relevant personnel can be traced in accordance with legal provisions. Therefore, through the implementation of local government debt audit procedures, we can improve the ability to prevent excessive debt issuance, interrupt and reduce the possibility of risk occurrence from the source of risk.

Suggestions and Reflections

At the beginning of this century, the Audit Office of our country issued a notice of the Trial Measures for Audit Result Announcement of the Audit Office, which marks the formal implementation of the Audit Announcement System. The Auditor General of Liu Jiayi clearly emphasized: "We should increase the publicity of audit information and rectification according to law, promote transparency and ensure the operation of rights in the sunshine." With the further implementation of the process of publicity and transparency of audit reports, this action has

irreplaceable significance in preventing and resolving the local government debt risk and ensuring the smooth operation of the national economy. However, there is still much room for improvement in the construction of audit report evaluation system in China. Audit departments should focus on how to accelerate the improvement of audit announcement and its evaluation system and put it into practice quickly in the audit work so as to play its due role as soon as possible.

Speeding up the Improvement of the Disclosure System of Announcement. If we can clear up the scale of debt and publicize the results of the national local government debt audit in time, this can significantly enhance the achievements of the construction of transparency of debt audit results in China, and further enhance the strength of social supervision. Considering the actual situation of different provinces and cities in the country, and how to establish the information disclosure system is at the initial stage, there are many problems to be solved urgently. Secondly, the depth of debt disclosure needs a "scale" to indicate the degree of disclosure that should be achieved. Comparing with the local government debt audit announcements, it is found that there are some inconsistencies in the key points disclosed by provinces and municipalities. For example, some provinces and municipalities have fully disclosed the debt structure, and the debt data are accurate to the specific conditions of provinces, municipalities, counties and townships, while some provinces and municipalities have chosen to publish the total debt, not specific to each unit. The actual amount of debt makes it impossible for the relevant departments to know the specific debt situation in detail. Therefore, it is urgent to standardize and unify the scope of local government debt disclosure. Perfecting this measure will help our country better identify the debt risk at all levels, so as to be able to prescribe the right remedy and further improve the ability of preventing and resolving the related risks.

Perfecting the evaluation system of public announcement and correctly evaluating debt risk. At present, the evaluation indicators used in the announcement of local government debt audit results are based on the Maastricht Treaty, or directly introduced, or derived from the development. These indicators consider the problem of local government debt from a quantitative perspective. It is undeniable that this method has practical significance in many years of application analysis, but at present, the social economy has developed to a completely new stage, and it is unavoidable to continue to follow the old routine, which is somewhat monotonous and lacks comprehensiveness. Especially considering the specific national conditions of our country, the applicability of some aspects remains to be discussed. Therefore, after comprehensive consideration and analysis, it is found that on the basis of the index system, the local government debt risk audit evaluation results may be biased, which can not accurately measure the debt situation of our country at this stage. It is more advantageous to evaluate the rationality of local government debt by listing the asset-liability method as the evaluation method of risk audit of local government debt. After using the balance sheet method, potential data users can easily judge the stability of government debt after obtaining the specific data of assets and liabilities. It is also helpful for scholars and financial personnel to compare and analyze the solvency of different local governments. This is also conducive to promoting transparency of financial information, which can further restrict the total debt of local governments and various explicit and implicit guarantees.

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