The Supervisory Role of National Audit on Energy Central Enterprises Based on the National Grid

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\textbf{Abstract:} Energy plays an important role in the overall development planning of a country or region, and central enterprises, which are important among state-owned enterprises, play a key leading role in promoting China's economic and social development, and play an important role in economic and energy development. Through the audit activities of central enterprises, state audit can play a role in supervising the economic activities of central enterprises and promoting their healthy development. Therefore, based on the national grid, this paper examines the role of state audit in supervising central enterprises in the energy industry from two aspects: "prevention" and "guarding", and proposes corresponding countermeasures.

1. Introduction

It is of great significance for the healthy development of central enterprises to study the supervisory role of state audit on energy central enterprises.

1.1. Research background and significance

In China's industrial system, the energy industry occupies a large proportion, and the stability of this industry is related to the overall macroeconomic development. The effect of national audit on the supervision of energy central enterprises can enrich the material at the practical level and help to establish the function of "immune system" to protect the development of China's economy.

1.2. Research status at home and abroad

1.2.1. Research on the national audit system

The national audit is entrusted by the people and that the functions and responsibilities of national audit are closely related to the fundamental tasks of the Party and the State\textsuperscript{[1]}. The nature of auditing is an independent tool to assist in monitoring the performance of fiduciary responsibilities\textsuperscript{[2]}. The fundamental objective of the national audit system has always been to safeguard the property rights and economic security of the state\textsuperscript{[3]}. The general situation of the Party
and the state cannot be separated from the economic supervision with audit supervision at its core. Scholars have theoretically explained the history of the reform of the national audit system based on dynamic modelling. In addition, the role of state audit used to focus on error detection and prevention, and the independence of audit power should be guaranteed, and propose to improve the state audit mechanism.

1.2.2. Research on the role of national audit supervision

The national audit has a supervisory role for the Party and the state. The national audit is a major driving force for improving national governance, and the national audit supervision has a facilitating role for local economic construction. The results of internal audits can reveal the strengths and weaknesses of internal audits, and audits can bring the functions of internal audits into play and promote the expansion of the scope, efficiency and quality of national audits.

1.2.3. Research on the role of state audit in the supervision of central enterprises

The environmental effects of national audit reform is mainly achieved by improving environmental performance, and good state auditing can help strengthen the supervision of state-owned enterprises and assets. The national audit can optimize the audit governance system of SOEs, The national audit and social audit play a substitution effect in promoting the value-added of SOEs' assets, and the amount of treatment can significantly contribute to the improvement of the value-added of SOEs' assets.

2. Theoretical overview of the role of state audit in the supervision of central enterprises

2.1. Definition and objectives of national audit

The most authoritative definition of state audit, that is, state audit refers to the supervision activities carried out by specialized state organs independently in accordance with the law on the implementation of major national policies and measures, the true and legitimate effectiveness of the allocation and use of public funds, state-owned assets, and state-owned resource management, and the performance of economic responsibility, natural resource asset management, and ecological environmental protection responsibilities by leading cadres.

2.2. Theory of the immune system

At the third council of the fifth session of the China Audit Society, held in 2008, the important point of view that State auditing is an "immune system" for the operation of the national economy and society was put forward. He believes that national audit is essentially the "immune system" of the supervision and control subsystem in national governance, with preventive, revealing and defensive functions, which is important for maintaining, improving and promoting national governance.

2.3. The theory of public fiduciary responsibility

The fiduciary responsibility theory of announcement was proposed by Greene in 1985, which refers to the government's acceptance of the people's entrustment to operate and manage economic resources in accordance with established principles and agreed agreements, as well as the obligation to report to the people on the results of its operation and management and the performance of its responsibilities.
3. Case introduction of government audit to state grid audit

3.1. Basic Situation of State Grid

National Grid Co. is a state-owned company established in 2002 and directly managed by the central government, with investment, construction and operation of power grids as its core business, and is a large state-owned key enterprise related to national energy security and the lifeline of the national economy. In the past 20 years, State Grid has continued to create the longest safety record of the world's mega power grid, built a number of ultra-high voltage transmission projects, become the world's strongest power transmission capacity, the largest scale of new energy grid, patent ownership for 10 consecutive years ranked first in the central enterprises.

3.2. The process of government audit entering the national grid audit

The State Audit Office conducts audits of State Grid Corporation Limited in accordance with the provisions of relevant laws, and the Audit Office conducted an audit of the financial income and expenditure of State Grid Corporation in 2013 in 2014, focusing on the headquarters of State Grid Corporation and 16 secondary units, including Jiangsu Electric Power Company, Henan Electric Power Company and State Grid International Development Company Limited, and extended and traced the relevant matters.

4. Problems found by the government audit on the State Grid audit

4.1. Development Potential

The problems revealed in the development potential are related to the security of national assets and the effectiveness of policy implementation by the State Grid. The results are shown in Table 1.

<table>
<thead>
<tr>
<th>question</th>
<th>Specific issues</th>
<th>Amount involved (Million)</th>
<th>Number of subsidiaries and branches involved</th>
<th>Whether</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not audited</td>
<td>Non-main business investment</td>
<td>1291</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Overseas non-main business investment</td>
<td>83</td>
<td>1</td>
<td>No</td>
</tr>
<tr>
<td>Not approved</td>
<td>Investment abroad</td>
<td>838</td>
<td>1</td>
<td>No</td>
</tr>
<tr>
<td>Illegal operation</td>
<td>No power generation business license has been obtained</td>
<td>25494</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>Violation of the law</td>
<td>State Grid Corporation Guarantee Management Measures</td>
<td>1294</td>
<td>1</td>
<td>No</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>28955</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 1, the total amount involved is 28955 million yuan, and 12 subsidiaries and branches are involved in non-standard handling.

4.2. Integrity in practice

The state audit report disclosed that the integrity of State Grid was mainly focused on the company's 11 members of the leadership team receiving holiday subsidies totaling 220,000 yuan in 2013 in addition to the total remuneration approved by SASAC. Individual subordinate enterprises' middle-level and above managers made profits from illegal shareholding between 2008 and 2013, involving 166.07 million yuan. In 2013, the subordinate Zhejiang Electric Power Company
Business hospitality expenses exceeded the budget by RMB 2,710,600 and conference expenses exceeded the budget by RMB 1,177,900.

5. Government audit of national grid behavior response

5.1. Improve the national audit supervision system

The National Audit Office should take public funds, state-owned assets and state-owned resources as the focus of supervision and gradually expand the scope of review coverage to further reflect the role of auditing. It can enhance the communication between different departments, strengthen the flow of information and share resources. Secondly, it can enhance the coordination and collaboration between national audit institutions and local audit departments, absorb the strength of all sectors of society, and make rational use of audit resources.

5.2. Innovative state audit supervision methods

With the reform and development of state-owned enterprises, the form of state audit rectification should also be constantly changed, and the rectification should tend to be done at the bottom and solve the problems at the root. The audited units can be used to issue results and rectification as indicators of performance assessment and recorded in the national database, rectify the problems of repeated audits, enhance supervision, regularly disclose the results in the relevant scope of the company, track within a specified period of time, link accountability and tenure, which helps to fully reflect the supervision function of auditing.

6. Conclusion

As the mainstay of the national economy, central enterprises are the mainstay of the national economy, and their internal control problems lead to fraud and corruption, which seriously affect the safe operation of the national economy and have a negative impact on society. Therefore, the disciplinary mechanism for central enterprises is the key to national audit prevention and governance of central enterprise corruption. Therefore, the function of defense and revelation is based on the punishment mechanism. The audit of the internal control of central enterprises is also a major review by the auditing authority, which is due to the fact that central enterprises may have incomplete internal mechanisms, inadequate control due to a large number of upper and lower levels, and some leaders using their power for personal gain. Corresponding punishments should be made for the illegal and disorderly situation of exploiting loopholes to effectively regulate the economic activities of the leadership and promote the improvement of its management ability.

References

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