

# Research on the Integration of Environmental Audit and Economic Responsibility Audit

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## **ABSTRACT**

Environmental problems are becoming serious, so our country should carry out government environmental responsibility audit as soon as possible. Based on this, further clarifying the connotation of government environmental responsibility audit, building a complete theoretical framework of government environmental responsibility audit, practicing and maintaining the function of "epidemic prevention and immunization" system of government environmental responsibility audit are the core issues of this research.

**Keywords:** *Government audit, Environmental responsibility, Integrated audit.*

## **1. INTRODUCTION**

Environmental responsibility audit is the integration of environmental audit and economic responsibility audit. The subject of environmental responsibility audit can be internal audit institutions such as internal audit department, or external audit institutions such as government audit organs and social audit organizations, among which, government audit institutions are authoritative and mandatory due to their unique status. At present, the problem of environmental protection has aroused the attention of all sectors of society, and the performance of environmental responsibility of leading cadres has also attracted the attention of various organizations. Therefore, it is necessary to supervise all environmental responsibility parties in an all-round way and to conduct in-depth research on the relevant content of government environmental responsibility audit supervision. Under this background, grasp the development direction of environmental responsibility audit and correctly plan the implementation route, as well as to establish and improve the laws and regulatory system of relevant government environmental responsibility audit.

## **2. THE VALUE OF THE INTEGRATION OF ENVIRONMENTAL AUDIT AND ECONOMIC RESPONSIBILITY AUDIT**

### ***2.1. Integration of Environmental Audit and Economic Responsibility Audit can Improve Audit Quality***

On the one hand, in the training and selection of auditors, it is necessary to cultivate multi-faceted talents with professional environmental knowledge and professional audit skills, to recruit the best qualified ; On the other hand, as a strong guarantee for environmental responsibility audit, environmental law, audit law and environmental economic law require continuous formulation and improvement of relevant laws and regulations to better integrate environmental audit and economic responsibility audit. Therefore, the effective integration of environmental audit and economic responsibility audit can improve audit quality

### ***2.2. Integration of Environmental Audit and Economic Responsibility Audit can Avoid Duplication of Evidence***

According to the definition framework proposed by the Committee on Environmental Auditing of the International Organization of Supreme Audit Institutions (INTOSAI), government environmental audit is an important measure to promote the

government's implementation of sustainable development strategy, and the process of supervision, verification and evaluation of the legality and effectiveness of environmental management actions and environment-related economic activities of auditees, such as governments and enterprises and institutions, is conducted by audit institutions. Since environmental audit and economic responsibility audit can use and exchange evidence in the process of using it, audit evidence can be used together to avoid duplication of evidence.

### ***2.3. Integration of Environmental Audit and Economic Responsibility Audit can Reduce Audit Cost***

Audit work is time-consuming, slow and requires active cooperation between auditors and auditees, so it needs to spend a lot of manpower and material resources. As the functions of environmental responsibility audit and economic responsibility audit overlap and audit evidence can be used mutually, effective cooperation between the two, a reasonable division of labor in the intersection of work content, and the realization of resource sharing can save audit manpower, material resources, and capital, thereby effectively reducing audit costs.

## **3. REASONS FOR THE INTEGRATION OF ENVIRONMENTAL AUDIT AND ECONOMIC RESPONSIBILITY AUDIT**

### ***3.1. The Objectives of Environmental Audit and Economic Responsibility Audit are Partially Consistent***

Adhering to the development path with Chinese characteristics and forming a strategic pattern of "Five-In-One" development are what the central government specially pointed out in the report of the 18th National Congress of the Communist Party of China. This strategy not only enables China's current economy to develop smoothly and with high quality, but also integrates concepts of resource-saving and environment-friendly green development into the strategic planning. The "Five-in-One" strategic framework encompasses five dimensions: political, economic, cultural, social and ecological civilization. The resource conservation and environmental protection part under the construction of ecological civilization are particularly prominent in this strategy. The "Five-in-One" strategic pattern not only guides economic responsibility audit, but also is the strategic orientation of environmental audit, so the objectives of environmental audit and economic responsibility audit are partially crossed and overlapped.

### ***3.2. The Internal Drive of Environmental Audit and Economic Responsibility Audit is Consistent***

Environmental audit and economic responsibility audit both have common features in terms of function, purpose, essential features, content, and characteristics. With effective integration, the workload of auditors is greatly reduced and audit costs are moderated to a certain extent, reducing audit costs in terms of both human capital and physical capital, while improving audit quality. Therefore, there is a strong internal relationship between environmental audit and economic responsibility audit, and they promote each other. The benefits of the integration of the two audits are greater than their respective audit benefits.

## **4. RESULTS OF THE INTEGRATION OF ENVIRONMENTAL AUDIT AND ECONOMIC RESPONSIBILITY AUDIT**

Environmental liability audit is a unified combination of environmental audit and economic liability audit. The government invests the highest amount and the most in environmental management. Government audit institutions, as the main audit body, carry out environmental responsibility audit work, analogous to economic responsibility audit, the auditee's internal audit department needs to assist the audit body to complete the audit work, or the audit content can be outsourced to social audit organs. The superior government, which has the responsibility of reviewing and supervising the environmental responsibilities of local governments and departments of environmental management, implements state audits of the auditees' environmental financial resources, environmental policy implementation and ecological and environmental governance from a third-party perspective. Environmental protection agencies, water conservancy departments, agriculture and forestry departments, development and reform commissions and financial departments continuously supervise the environmental behavior of environmental protection units, and they also belong to one of the objects of environmental responsibility audits. Audit subjects evaluate the performance of government environmental responsibility by auditing the environmental performance and environmental governance results of government units related to environmental protection. According to the impact of governments at all levels on the environment, the responsibility for decision making, decision implementation and environmental project supervision are divided according to government functions. The government should exercise its public power in accordance with the requirements of entrusted environmental responsibility and actively take a series of effective environmental protection measures to ensure public environmental interests.

## **5. THE PRACTICE OF GOVERNMENT ENVIRONMENTAL RESPONSIBILITY AUDIT**

### ***5.1. Various Contents of Government Environmental Responsibility Audit***

#### ***5.1.1. Responsibility of Environmental Protection***

Environmental protection and resource conservation are the purposes of conducting government environmental responsibility audits. In the audit process, the government performs the responsibility of protecting the environment as the client of the public, while carrying out multi-faceted environmental audit work on each audit object as the audit subject. The government, as the decision maker, executor and environmental regulator, evaluates the results of environmental protection and prosecutes those responsible for some irregularities after a detailed investigation of the environmental protection of subordinate units and enterprises.

#### ***5.1.2. Responsibility of Environmental Policy Implementation***

Social development and environmental protection planning, laws and regulations and policy systems constitute three levels of environmental policy. Relevant government departments and organs that formulate environmental policies and environmental laws and regulations will be the subject of environmental responsibility audit. For the compliance of the environmental protection policies formulated by governments at all levels, the adaptability and feasibility to the local environment and whether it is conducive to the long-term sustainable use of resources, environmental responsibility audit should examine the implementation of environmental policies.

#### ***5.1.3. Responsibility of Environmental Protection Funds and Project Implementation***

The implementation of environmental policies includes the use of environmental protection funds and the implementation of environmental projects. Environmental protection funds include fund raising, allocation, management and delivery. The implementation of environmental protection projects includes the planning and construction of environmental protection projects, operation and management of environmental protection departments. The government's responsibility for the implementation of environmental protection projects is not only to ensure the proper use of environmental protection funds but also to ensure the smooth implementation of

environmental protection projects. When auditing environmental protection projects, it is important to conduct site visits and check engineering records reports, pay attention to the progress of the implementation of environmental protection projects under construction, and for projects that have been put into use, observe their daily operation and management and whether they can improve the environment. At the same time, engineering resources of environmental protection projects should play their maximum utility at the lowest cost.

#### ***5.1.4. Responsibility of Environmental Regulation***

Environmental monitoring, environmental supervision and environmental management are the three modules of environmental regulation, which is a part of governmental functions. When the government performs its environmental regulatory duties, to alleviate the contradiction between economic development and environmental protection, it is necessary to predict and prevent environmental problems brought about by economic development in advance, actively formulate governance policies, and at the same time guide enterprises and carry out macro-control at the appropriate time. Party committees and governments at all levels, environmental protection departments, environmental monitoring departments, agriculture, forestry and water conservancy departments and other non-profit departments should conscientiously perform their environmental supervision and management, in accordance with environmental related laws and regulatory systems, so that strict law enforcement, illegal investigation, supervision in place.

### ***5.2. Joint Collaboration of Government Environmental Responsibility Audit***

Collaborative audit, joint audit and parallel audit are conducive to the sharing of audit resources, and these three audit methods will help to better achieve environmental responsibility audit. At the request of the Audit Office, inter-provincial pollution can be implemented jointly by the audit teams of the two provinces. In the process of conducting collaborative audits, auditors maintain communication at any time, correctly divide the environmental regions between the two provinces, consult each other and discuss the audit report opinions, and put forward countermeasures and guidelines conducive to environmental governance. The joint audit requires the audit department to be relatively close, and the audit business has overlapping parts. Taking advantage of geographical advantages, audit institutions can cooperate with each other to jointly improve audit quality, so joint audit is applicable to the same province or the same region. China is rich in products and diverse in resources. To fully implement

the work of resource environmental protection, it is necessary to expand the field of audit and realize the collaboration of audit.

### **5.3. Various Accountability Subjects of Government Environmental Responsibility Audit**

The environmental-related departments in China are mainly divided into two categories, one is the supervision department for managers: environmental supervision department, discipline management department, cadre management department and audit supervision department. One is the management of environmental funds such as environmental project funds. There are different departments that set up in the environmental supervision part, and the government environmental responsibility audit is carried out in steps. To play the role of the government environmental responsibility audit to the best, all departments should participate and cooperate to form a pluralistic and integrated audit subject based on their respective division of labor. From the experience of the joint meeting of economic responsibility audits, government audit institutions guide the integration of other audit implementation subjects and hold joint meetings of environmental responsibility audit, integrate the resources of government departments at all levels to form a joint force, give full play to the overall advantages and improve efficiency of audit work. In order to implement the results of accountability audit, the audit subject may submit the audit report directly to the audited unit, directly point out that the audited unit has environmental governance omissions and problems and communicate with the relevant responsible person to put forward relevant suggestions for improvement. The audit institutions may also submit audit report directly to the environmental supervision department, and the supervision department will investigate it according to law. The results of the accountability of each environmental supervision department, through the processing department, will be processed at any time through information channels or platforms to the audit institutions, so that the audit accountability is not limited to the form but to the actual implementation.

### **5.4. Urgent Need for Optimization of Government Environmental Responsibility Audit Method**

Environmental responsibility audit belongs to auditing and environmental management, which is a comprehensive work. China's environmental audit research period is relatively short, and a unified system has not yet been formed in theory. The practice of environmental audit is also at the exploration stage due to the lack of theoretical guidance. Linking environmental responsibility audit with economic

responsibility audit involves the personal interests of leading cadres, reflects the importance of environmental responsibility audit and makes the accountability results more concrete. It is also particularly important to set up an evaluation system for environmental responsibility audit, to select appropriate evaluation indicators, to adopt appropriate evaluation methods, to construct a complete evaluation system, to reasonably evaluate the operational performance of environmental policy-making units, natural resource protection units, use units and environmental protection fund management departments, and to evaluate the performance of leading cadres' responsibilities so as to provide adequate preparation for accountability results. It is supposed to use economic responsibility audit method for reference, conduct audit work according to three-step process of preemptive audit, proceeding audit and post audit, and make use of modern science and technology to comprehensively and accurately evaluate the current state of the resource environment based on the characteristics of natural resources.

## **6. CONCLUSION**

Environmental management is the process by which those responsible for the environment use the power of their position to regulate and govern the environment. The party and government leaders and the heads of environmental management departments take protective actions by formulating environmental policies and arranging subordinate units, which is the most direct way for human beings to have a favorable impact on the environment through action to achieve the purpose of sustainable development. Environmental responsibility audit is a means tool to supervise leading cadres whether fulfill their responsibilities for environmental protection in their areas of responsibility. It is not included in the public power operation system of environmental management and does not have the characteristics of government environmental actions because it does not directly participate in specific environmental governance work. The audit subject should be independent of the audit object, assess and evaluate the formulation of environmental protection policies, the investment of environmental protection funds, and the state of environmental governance and take the sustainable development of environmental resources as the starting point to put forward opinions and suggestions to relevant departments and units to optimize the environmental behavior of enterprises and promote the construction of ecological civilization and the sustainable utilization of resources.

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