

# The Application of Chinese Medicine's Holistic Concept in Research-oriented Audit

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**Keywords:** Research-oriented audit, holistic concept, triple-factor orientation

**Abstract:** According to the idea of Xuncius: Non-presentation Philosophy, "the said audit means the examination of the matter's principle". The original meaning of "audit" is detailed study and investigation, which share some similarities with the doctor's careful inspection of the patient's physical condition, as well as research and analysis of the disease status in the science of medicine. As one of the treasures of China, Chinese medicine has the feature that integrates the traditional philosophy and wisdom of China into the science of medicine. Therefore, it also has certain values for reference in other non-medical fields. This paper introduces the "holistic concept" of the characteristic idea of Chinese medicine to the research-oriented audit, in combination with the treatment principle of "triple-factor orientation", to provide the wisdom belonging to China for auditors to carry out the research-oriented audit and put forward high-quality suggestions of the audit.

## 1. Introduction

Studying medicine to cure people stands for the praise given for doctors with noble professional ethics and sophisticated technique, and it is also the lifelong and lofty pursuit of numerous doctors, which not only integrates the kindness of doctors to heal the wounded and rescue the dying, but also includes the life ideal of Chinese intellectuals to concern about the common life and save people in the world since the ancient time. The king of medicine of the Tang Dynasty, Sun Simiao wrote in the Thousand Golden Prescriptions that "the doctors in the ancient time cure the country with the greatest achievements, cure people with the intermediate achievements, and cure diseases with the lower achievements". In Valuable Prescriptions for Emergency, there is also the idea of "knowing the method to cure the body equals to mastering the method to govern the country". Such kind of humanistic thought of "saving the world" brings many humanistic feelings to the thoughts of traditional Chinese medicine and makes it own the vitality in the field other than medicine.

## 2. Research-oriented audit

The concept of the research-oriented audit was proposed by the Specially Appointed Office of Nanjing of the National Audit Office of the People's Republic of China for the first time in 2009. It can be seen from its name that the research-oriented audit refers to the process of carrying out the audit in the form of research, take audit projects as research subjects to conduct investigation, analysis and proof seeking to obtain the audit result on a higher level and offer more scientific, reasonable and constructive suggestions of audit <sup>[1]</sup>. The Notice on Issuing the Key Points of Work in 2021 of the National Audit Agencies issued by the National Audit Office on January 15, 2021 mentions that the implementation of the research-oriented audit shall be proactively promoted. The Development Plan of the National Audit Work of the "14th Five-Year Plan" issued by the National Audit Office in June of the same year emphasized again that "the research-oriented audit shall be actively carried out". Although the concept of the research-oriented audit is put forward early, there is no clear definition

of it in the academic circle. Some scholars summarized and concluded the main characteristics of the research-oriented audit, which are shown in Table 1:

Table 1 Differences between the traditional audit and the research-oriented audit

	Traditional audit	Research-oriented audit
Function	(1) Function of economic supervision (2) Function of economic evaluation (3) Function of economic verification	It focuses more on the audit's function of prevention. The audit shall not only reveal the problems, but also analyze the reasons for the generation and existence of the studied problems.
Material collection mode	Tangible assets checking, confirmation, documentation checking, analytical procedure, interrogation, recalculation, re-execution, observation	It focuses more on the two-way communication and cooperation between the personnel of audit agencies and the unit to be audited in the process of the audit.
Audit profundity	Case-based consideration	It focuses more on determining the causes of the behaviors violating laws and disciplines on a deeper level.
Data analysis	Common data analysis	It focuses more on statistics, analysis and application of the data.
Audit product	Unqualified audit report, qualified audit report or the audit report with adverse opinions	It focuses more on the level and profundity of the audit product. [2]

In conclusion, the research-oriented audit is carried out in the form of research. Compared with the traditional audit, the research-oriented audit emphasizes more on the exploration of the causes of the audit issues on a deeper level and the function of prevention in the process of economic supervision. Moreover, these ideas also conform to the characteristic idea highlighted by Chinese medicine, such as "searching for the primary cause of the disease", "curing before suffering from the disease", etc. In addition to this, the "holistic concept" of this series of characteristic ideas of Chinese medicine's diagnosis and treatment are also reflected in the research-oriented audit.

### 3. The application of Chinese medicine's holistic concept in the research-oriented audit

The holistic concept of Chinese medicine is based on the thought of the "unity of man and nature" of traditional Chinese culture, indicating that various parts of the human body, as well as the human and the environment are mutually connected. The research-oriented audit also requires auditors to analyze the issues of the audit from the overall and global perspective. The auditors should not only regard the audit unit as an organic whole whose various internal institutions and departments are mutually connected and influenced, but also take the economic environment where the audited unit is located into account.

#### 3.1 Integrality of the audited unit

According to the idea of Chinese medicine, human is an organic whole, which is reflected from the view of viewing the five internal organs, as well as the spirit and shape as an integrality. Similarly, the audited unit is also a "person" and an organic whole.

##### 3.1.1 The application of the five-organ integral view of Chinese medicine in the research-oriented audit

According to the view of regarding the five internal organs as a whole, the human body takes the five internal organs as the center, supported by the six hollow organs, the shape and sense organs and

apertures. They promote and restrict each other and jointly maintain the regular operation of vital activities. Similarly, the audited unit is also an organic whole, whose stable and orderly operation relies on the effective labor division and cooperation between various internal departments.

The research-oriented audit stresses on the systematic consideration of the problems from the overall perspective, and regards the audited unit as a whole. Instead of being limited in the inspection of various financial data and the superficial aspect of a certain department or issue, it fully considers the mutual impact and interaction between various departments of the audited unit, analyzes the whole business process of the audited unit, explores and masters the relevance between different messages of the audit, precisely locate the real problem, and transfers the focus on the supervision after the event to the supervision before and during the event, thus realizing the dynamic and comprehensive audit and give full play to the audit's function of risk prevention [3].

### **3.1.2 The application of the shape-spirit integral view of Chinese medicine in the research-oriented audit**

The shape-spirit integral view indicates that the shape and spirit are two major elements of the life. They depend on and restrict each other, forming a unified whole part, that is, "the vigor generating spirit and the spirit ruling the vigor". Leaders are the main responsible people of the audited unit, and have a crucial effect on the healthy development. They are the "gods" of the organic whole of the audited unit, who regulate and control the operation of the audited unit. It is necessary for the research-oriented audit to strengthen the supervision of leaders through the audit.

On the one hand, both the Audit Law and the Plan require auditors to further implement the research-oriented audit. In the process, auditors should start from the external "shape" to perceive the situation of the "spirit" through the investigating the economic businesses of the audited unit. The auditors should actively exert the function of economic supervision of the audit, reinforce and innovate the audit of the leaders' economic responsibilities and the audit of tracking the implementation of policies, and strengthen the supervision and regulation of the audited unit's "spirit" through the audit's function of economic supervision.

On the other hand, the auditors may learn about the condition of the "shape" through checking the condition of the "spirit". The auditors should inspect the audited unit's major leaders' understanding of major policies and the degree of the importance they attach to these policies, as well as their plan for future development. The auditors should view various matters from a developmental perspective, give full play to the function of "disease prevention". They should not only focus on various existing problems of the audited unit at present, but also give early warning of potential risks, thus urging the leaders of the audited unit to timely find out and solve the concealing hazards in the process of operation.

### **3.2 Integrality of the audited unit and the social environment**

The audited unit can't carry out various economic activities without the overall environment of the social economy in which it is located. The research-oriented audit argues to stick to the way of viewing problems from an overall and integral perspective, which requires the auditors to start from the macroscopic perspective of the operation of the whole national economy, profoundly inspect the economic environment and social environment and analyze the reasons of the audited problems' occurrence in depth. For example, during the process of the social security fund audit carried out by the National Audit Office from December 2020 to March 2021, the Office adopted research-oriented audit with the data gathered from medical insurance, medicament and hospital, revealed the problems of the funds that violate relevant regulations, insurance fraud mode update, etc., promoted the normalization of social insurance fund management, and improved the application efficacy of the social insurance fund [4]. Furthermore, the research-oriented audit can dig deep into the causes, which lead to problems, actively summarize the experience of the audit, and refine and get the audit idea and conclusion with more extensive and general properties being on the alert towards the problems mentioned by the predecessors, concentrating power and being more targeted.

#### **4. The enlightenment of Chinese medicine for the research-oriented audit: suggestions from "triple-factor orientation"**

Chinese medicine's diagnosis and treatment think highly on "triple-factor orientation", that are human-oriented adjustment, location-oriented adjustment, and time-oriented adjustment, which originate from the Inner Canon of Huangdi, and they are the importance examples of the holistic concept in the ideas of Chinese medicine's diagnosis and treatment.

##### **4.1 The application of human-oriented deployment in the research-oriented audit**

Consumptive Disease Diagnosis argues that, "people's endowment varies due to the influence of diseases. The people who concern about themselves may suffer from the burning feeling of the heart and liver....The people obsessed with their ambitions have more diseases of the liver and kidney." It indicates that due to the differences of physical quality of different people, their physical conditions and suffered diseases will also be different. During the diagnosis and treatment, the doctor must fully understand the individual difference between patients, and formulate personalized schemes of treatment in accordance with their concrete situations to receive a better effect.

The research-oriented audit must integrate the actual condition of the audited unit to prepare appropriate audit plans and offer proper audit suggestions, which is similar to the personalized treatment highlighted by Chinese medicine. Using one formula to solve all problems should be avoided. For example, in current audit activities, when some auditors offer their audit opinions, they usually require the leaders to attach importance to the effects of the audit, which is indistinct. However, they seldom mention the way to follow these audit suggestions, difficulties faced by the unit in the process of following the audit suggestions, and the effectiveness of the audit suggestions for the improvement of the audited unit's management and operation.

##### **4.2 The application of location-oriented deployment in the research-oriented audit**

In China, there are great differences of the environment among various regions. Therefore, it can be found in Plain Questions: on Targeted Method Application that "the oriental domain is the origin of the world, which is the place producing fish and salt, with littoral terrains. The west region... The central region..." The differences of the regional environment can also cause diseases and influence their development, hence the methods adopted by doctors to treat diseases should also be different.

The audited unit is also operated in the society, and it can't carry out various economic activities without the overall environment of the social economy in the region where it is located in. In this way, the unbalanced development, like the complicated geographical conditions, directly influences the operation of the audited unit. Therefore, in the process of carrying out the research-oriented audit and giving audit suggestions, the auditors must conduct in-depth investigation of the level of economic development, condition of the industry, level of price and other actual audit conditions of the specific region.

##### **4.3 The application of time-oriented deployment in the research-oriented audit**

According to Plain Questions: on Truths in the Golden Cabinet, "the duration from the dawn to the noon is the positive period of one day, with the strongest positive property.... Therefore, people should also follow this rule to act." Chinese medicine believes that the growth and decline of the positive and negative trends in the human body are closely related to the changes in one day and the weather in nature. It is necessary to pay close attention to the changes of seasons, and include the variation of the four seasons' weather into comprehensive analysis and judgement.

Although various enterprises and public institutions in the reality are not influenced by the solar terms and seasons, they can be influenced by the economic cycle. When the economy is prosperous, the income growth is accelerated, and units tend to expand their scope. However, if the enterprise merely pursues in the rapid expansion, the problems of compliance may appear. At this time, the target of the research-oriented audit shall lay emphasis on the assistance of the audited unit to control the speed of the expansion to a reasonable extent, and the make early warning of the risks that the audited unit may encounter in the process of expansion. At the time of economic recession and

depression, the incomes of various units decrease quickly. Many problems of management and costs are exposed, and the research-oriented audit should focus on the way to help the audited unit reduce the cost, and improve the efficiency, as well as the internal management level.

In the holistic concept of Chinese medicine, the person is not only a biological person, but also the natural person and social person. Therefore, Plain Theory: Supreme Principles require doctors to "learn the knowledge of astronomy, geography and social affairs from the bottom level to the top". It is also in line with the requirements on talents imposed by the research-oriented audit, which not only asks auditors to lay a solid foundation of audit and accounting knowledge, but also requires them to master the knowledge related to the economic businesses of the audited unit, and demands auditors' concern about the important policies of the country and the current situation of the economy, putting forward extremely high requirements for auditors' comprehensive quality.

## 5. Conclusion

Introducing the holistic concept and "treatment based on syndrome differentiation" to the research-oriented audit not only conforms to the spiritual core of exploring the root, but also accords with the demand of the research-oriented audit for high-quality, constructive and operational products, owns the significance of offering enlightenment for carrying out businesses of the research-oriented audit, and provides ideological inspiration for auditors to conduct the audit.

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