

## Practice and Analysis of Internal Control Report--A Case Study of Jining University Internal Control Report

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### Abstract

Since the implementation of the "Regulations for Internal Control of Administrative Institutions (Trial)" on January 1, 2014, the construction of internal control has been rapidly carried out from administrative institutions including institutions of higher learning. As a knowledge-intensive institution of higher learning, the quality of personnel and technology support and management capabilities provide excellent construction conditions and implementation environment for internal control. The internal control of colleges and universities has experienced a management development process from scratch, from fragmentation to systematization and institutionalization. Especially in the three years since the implementation of the "Administrative Institutions' Internal Control Report Management System (Trial)" in 2017, the construction and management of internal control in colleges and universities has not only been further consolidated, but also developed by leaps and bounds. The internal control report of colleges and universities is also from scratch, the form is from simple to complex, the content of internal control reports is constantly enriched, the evaluation indicators are continuously refined, the quality of internal control reports is continuously improved, and the internal control report also reveals the internal control of colleges and universities. There are still some deficiencies in control construction and management. This article demonstrates the status quo of internal control in colleges and universities and its significance to the construction and management of internal control in colleges and universities through the practice and analysis of the reporting of internal control reports in colleges and universities.

**Keywords:** Internal control report, Analysis, Research

### I. Introduction

In 2017, the Ministry of Finance further strengthened the construction of internal control of administrative institutions, regulated the preparation, submission, use, and supervision and inspection of the quality of internal control reports of administrative institutions, promoted the disclosure of internal control information of administrative institutions, and improved the internal control of administrative institutions. To control the quality of reports, in accordance with the "Regulations for Internal Control of Administrative Institutions (Trial)" and "Guiding Opinions of the Ministry of Finance on Comprehensively Promoting the Construction of Internal Control of Administrative Institutions", etc., the "Administrative Institutions Internal Control Report Management System (Trial)" was formulated, Effective from March 1, 2017. In fact, as early as July 2016, the Shandong Provincial Department of Education issued the "Notice on Carrying out the Basic Evaluation of Internal Control of Administrative Institutions". Jining College, as a provincial university, filled in the "Basic Internal Control of Jining College" as required by the notice. The Evaluation Report opened a new chapter in the internal control reporting system of administrative institutions in Shandong Province. In 2017, it was officially renamed the "Internal Control Report of Administrative Institutions". Since then, the reporting of internal control reports by Shandong colleges and universities every year has been fixed as a system. The internal control reporting system has played a positive role in accelerating the construction of internal control and improving internal control management in Shandong colleges and universities.

### II. Compilation Status of Internal Control Reports in Colleges and Universities--Taking Jining University as an Example

In the past three years, the form and content of the internal control report of Jining College have been constantly changing, and the requirements for filing have become more comprehensive and standardized. The internal control

construction and internal control reports of Jining College are a development trend from scratch, from one-sided simplicity to comprehensive refinement. This article analyzes the internal control reports of Jining College in 2016, 2017, and 2018 to study the internal control construction and management development status and significance of Shandong colleges and universities.

#### ***A. The Preparation of the 2016 Internal Control Basic Evaluation Form and Internal Control Report***

In 2016, the internal control construction of Jining College had just started. School leaders and faculty did not have a good understanding of the concept, form, and content of internal control, and did not pay enough attention to it. Only in accordance with the requirements of the state and Shandong Province on the construction of internal control documents, an internal control leading group with the dean as the team leader was established. The dean is personally responsible for organizing the formulation and comprehensive promotion of the school's internal control construction work plan, coordinating and solving major issues, and supervising and guiding the development of internal control work. The leading group covers the College's Finance Department, Organization Department, Personnel Department, State-owned Assets Department, Logistics Department, Office of the Two Offices, Discipline Inspection Commission and other departments. At the same time, the "Jining College Comprehensive Promotion of Internal Control Construction Joint Working Group" was established, led by the Finance Department, with the participation of the Disciplinary Inspection and Supervision Office, Audit Department, Asset Management Department, Logistics Support Department, Planning and Construction Department, and the office is located in the Finance Department. Under the leadership of the internal control leading group, the joint working group is specifically responsible for the supervision, guidance, and inspection of the internal control construction of all units of the school. In October, in accordance with the requirements of the Shandong Provincial Department of Education to report the "Basic Evaluation Report on Internal Control", our school filled in the "Basic Evaluation Report on Internal Control of Jining College" on time. The school believed that this report was just a general internal control management evaluation and belonged to the unit. A thorough investigation of internal control construction and management. Evaluation report requirements are also relatively simple, filled by hand, no need to provide relevant supporting materials. The evaluation indicators are relatively simple, the unit level focuses on the investigation of the unit's internal control activation; the business level focuses on the establishment of the six major economic businesses. According to the actual daily management and work situation, the school believes that the construction time of internal control of the school is short. Although there are some gaps in the start of the construction of internal control, the restriction mechanism on the operation of power, and the management of budget business, the school has the top level of power design and economic business. System formulation, authorization control, and process design have been carried out well, which basically meets the indicator requirements of internal control. In January 2017, the Ministry of Finance Finance and Accounting Letter [2017] No. 3 required the unit to prepare the 2016 internal control report. The report includes the basic information of the unit, the key areas and key positions where the unit's internal rights are concentrated, the establishment and improvement of the internal control system, The report on the experience, practices, and achievements of the internal control work of the unit is relatively complete. The evaluation items and content are more detailed, enriched and refined on the basis of the basic evaluation table. The report focuses on the start-up and construction of the school's internal control. It is the first time to fill in, but it can basically reflect the status of the unit's internal control construction at that time. Jining College reported according to the actual situation. Due to the refinement of the indicators and the increase in content, the evaluation score was 90 points, which was slightly lower than the basic evaluation score.

#### ***B. Preparation of 2017 Internal Control Report***

The 2017 internal control report was filled in by the method of "gradual aggregation and one-way submission", and the 2017 internal control report of administrative institutions issued by the Ministry of Finance was used to fill in the software. The internal control report is composed of 11 tables, including the basic information table, the internal control information system status table, the unit work responsibilities separation table, and the attachment information statistics table. The content and form of the evaluation index have changed a lot from 2016. Not only did the report add the overall operation evaluation of the unit's internal control at the beginning, but also the

evaluation index covers all the management fields of the unit horizontally, focusing on the economic field, and vertically and deeply detailed to the management field. Every little link. The report focuses more on the inspection of the implementation of internal control of the unit and the quality level of management and operation (see Table 3).

Jining College used the 2016 internal control report indicators as the basis to find gaps and make up for deficiencies, re-established a power operation mechanism, and strengthened the supervision of power operation. If you want to do well, you must first sharpen your tools. Without rules, you can't build a circle. The system is the rules of work or action rules to be complied with, and it is the prerequisite for management. The internal control report also puts system construction in a special main position, requiring universities to establish complete budgets, revenues, expenditures, government procurement, assets, construction projects, contract management, and decision-making mechanisms. In a relatively short period of time, Jining College has stepped up the introduction of "Jining College Capital Construction Financial Management Measures", "Jining College Internal Control Management Measures", "Jining College Financial Affairs Guide", etc. through the abolition, reform, and establishment of policies, which have improved the school's Internal Control System. The basic construction of internal control of Jining College has basically formed an overall structure. In order to strengthen the construction of internal control, the school leadership changed the office of the school party committee (dean) as the leading department, refined the working mechanism, and further clarified the work responsibilities. In 2017, Jining College conducted a special audit of the internal control construction of Jining College in accordance with the requirements of the "Notice of the Shandong Provincial Department of Education on Carrying out a Special Audit of the Internal Control Construction of Higher Education Institutions". Because of multiple measures taken, Jining College's internal control report level has made great progress, and the content of internal control reports has become more completed and enriched. The overall evaluation of the school's internal control status is "good", which is slightly inferior to the 2016 evaluation results. The reasons are:

There is a big deviation between the school's understanding of the connotation of the evaluation index and the requirements of the Department of Finance. For example, if the unit conducts special training on internal control, the Department of Finance requires the school to carry out the relevant national policies, the school's internal control system, the goals and measures taken by the school's internal control, and other aspects of the school's department responsible persons and relevant internal. The special training conducted by the executives of control management was interpreted as internal control training conducted by the Finance Department when the school reported.

The proof materials are lacking or unqualified. The school did not form written materials in time in its daily work. For example, the main person in charge of the school presided over the division of labor and staffing of internal control work and lacked meeting minutes and related documents. The cadre rotation system does not meet the reporting requirements. Although management systems for finance, assets, and scientific research have been established, they are independent of each other, and a complete and unified internal control management information management system has not been established. The school has not established a school-level internal control manual and six major economic business flowcharts.

The school did not conduct internal control risk assessment. At the school level, the awareness of the importance of internal control construction and the awareness of risk prevention and control is weak, and there is no relevant certification material for internal control risk assessment.

The internal control construction of Jining College has always been at the forefront of the industry. The three tables reflect the school's internal control construction and development process in the past three years. Through three-year data comparison and analysis, it is found that although the overall evaluation is decreasing year by year, the school's internal control system is becoming more and more perfect, the internal control management is more and more refined, the internal control work is becoming more and more operable, and the internal control report is filled. More and more stringent, the level of internal control management continues to improve. This change comes from measures such as publicity and promotion, experience exchange, supervision and inspection by the competent

government departments. At the same time, through the attention of school leaders, targeted establishment and improvement of internal control systems, including sound internal control systems, internal control procedures, etc. The internal control of Jining College is becoming more and more standardized at both the school level and the business level, gradually forming a situation of scientific business process design and rigorous and orderly operation of rights, which lays a solid foundation for providing more accurate, reliable, comprehensive and detailed internal control reports. .

### **III. The Significance of the Internal Control Report**

Practice in the past few years has proved that the internal control reporting system objectively stimulates the speed of internal control construction in universities, regulates the economic and business activities and power operation of universities, and greatly improves the level of internal control management in universities. The achievements of Jining College's internal control construction are largely due to "promoting construction by watch". Under the requirements of the internal control report, Jining College has continuously improved its internal control deficiencies, strengthened internal control leadership responsibilities, and optimized internal control. Environment, detailed management of key areas, and effectively prevent possible risks in school construction and development.

Conducive to the creation of a high-quality school management environment. The school shall scientifically set up internal institutions and positions in accordance with the requirements of the internal control report, reasonably authorize, and strengthen the checks and balances of rights. Improve the quality of faculty and staff, formulate an internal control management manual, enable faculty and staff to understand the functions, powers and related risks of each department in detail, and continuously improve their awareness of internal control. Familiar with the business handling process, arrange the handling time reasonably, make the business handling smoother and faster, and truly improve work efficiency.

Conducive to enhancing the school's risk awareness. With the development of the market economy, colleges and universities have long gone out of the ivory tower and integrated into the economy and society. The development of colleges and universities is facing unprecedented opportunities and challenges, and the risks of colleges and universities also come together. For example, the survival risks brought about by the socialization and internationalization of higher education; the possible corruption risks of capital construction projects, bidding and procurement, enrollment management, and the use of scientific research funds; financial risks caused by excessive credit or foreign investment; improper internal management of universities, Legal litigation risks and brain drain risks caused by improper handling of emergencies. Carrying out internal control risk assessment is a necessary way for schools to improve their risk awareness and avoid risks.

Conducive to strengthening the budget management system. There is a common situation in colleges and universities that the budget plan is out of touch with the actual situation. There are often "two skins" between the reporting and use of the budget. The budget changes and adjustments are relatively random. Plan to use. The internal control report requires colleges and universities to formulate a budget management system that covers budgeting, internal approval, budget execution, annual final accounts, and performance evaluation. Promote colleges and universities to attach importance to budget management, and inject a booster for colleges and universities to truly implement the "Budget Law."

### **IV. Problems Reflected in the Internal Control Report**

With the continuous deepening of my country's fiscal reform, the requirements for internal control and management of administrative institutions such as colleges and universities are getting higher and higher. The level of internal control management directly affects the work efficiency and social efficiency of administrative institutions, and the internal control report is an important means to promote the disclosure of internal control information in universities and to ensure the improvement of the quality of internal control in universities. In recent years, the internal control of administrative institutions has received more and more attention. It can be seen from the disclosure of the internal control report of Jining College that there are still some problems and deficiencies in

the internal control of the school.

From the perspective of unit level, risk assessment and control mechanisms are gradually established, and the control environment needs to be optimized. Financial management work is relatively standardized, and there is still a phenomenon that emphasis is placed on system construction rather than implementation in other fields. The understanding of the establishment of internal control environment, risk assessment and risk response, information technology application, information and communication between various functional departments and departments is not comprehensive enough, and there is a lack of an overall internal control system and internal control management information system at the unit level.

From a business perspective, there is still a lack of internal control links. For example: some businesses lack flow charts, budget business lacks performance management, assessment links are not based on reasonable basis, and lack of feedback on assessment results; there is insufficient communication and coordination between departments in actual business links; there are problems in contract management links To achieve contract authorization and centralized management, there are insufficient and imperfect problems in the monitoring of contract performance and the establishment of a contract dispute coordination mechanism.

## **V. Countermeasures Against Problems Found in the Internal Control Report**

### ***A. Realize Full Coverage of Internal Control Management Information System***

Internal control management has not been limited to the scope of “small internal control” of finance, infrastructure, assets, and auditing, but has been extended to all rights operation activities of universities. The internal control at the school level must be designed and operated by the internal control management information system. Information construction puts the content of construction results at the unit level and business level into the system, so that the results of internal control construction can be truly and effectively reflected. The information system is to embed the control system and system implementation in the school's internal control management into the scientific and orderly business process, to realize the fair and open operation of power, and to realize the sunshine government. At the business level, specific risk points are found, feasible systems and business processes are formulated, and the awareness of internal control and the ability to prevent and defuse risks are enhanced to achieve full coverage of internal control.

### ***B. Improving the Internal Control System, Forming a Linkage Mechanism, and Exerting Systemic Effects***

Effectively strengthen the links between various functional departments, form a steady and orderly work communication mechanism, improve efficiency and reduce errors. Internal control is the organic whole of the power operation of various functional departments, and the establishment of an effective communication and coordination mechanism and linkage mechanism is a strong guarantee for promoting the construction of internal control. Sort out and find the risk points and key positions in school management, implement the system of responsible persons for internal control work, make up for shortcomings in internal control, and form a complete internal control system for the school as soon as possible. Ensure that there is prior approval, supervision during the event, and assessment after the event for various economic operations, so as to give full play to the systemic functions of the internal control system.

### ***C. Strengthen Supervision and Strengthen the Construction of Performance Appraisal and Accountability Mechanisms***

Strengthen school auditing and supervision, improve the political and professional quality of internal audit cadres, enrich internal supervision forces, effectively supervise the key links and key positions of the school's concentration of power, and reduce power in operation through system control, program control, and process control The blind spot allows power to run in the “cage”. Improve the cadre rotation and exchange mechanism and strengthen the implementation effect. Pay attention to the evaluation of the effectiveness of the internal control system. The evaluation aspects are not limited to the supervision of daily economic operations, but also include

whether the supervision of special matters and unconventional business and other economic activities that are prone to special risks is effective, rewards and punishments inferior and make it a system.

In short, iron strikes need to be hard. A high-quality internal control report comes from high-quality internal control construction and management, otherwise, nothing can be said about it.

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