

Challenges and Realization Ways to Develop Strategic Audit of State-owned Enterprises under the New Situation

Mengyu He, Hui Li

Sichuan University of Science & Engineering, China

Abstract: Under the new situation, if state-owned enterprises want to achieve long-term development and increase their own competitiveness, they need to improve themselves from the perspective of internal audit, conduct internal audit research, and promote the transformation and upgrading of internal audit. Based on this, it is of great significance and practical value to strengthen the strategic audit of state-owned enterprises. This paper first analyzes the necessity of state-owned enterprises to achieve strategic audit under the new situation, then analyzes the challenges faced by state-owned enterprises to achieve strategic audit, and finally proposes how state-owned enterprises can carry out strategic audit under the new situation, so as to provide practical support and basis for improving the audit work level of state-owned enterprises under the new situation.

Keywords: State-owned enterprises, Internal audit, Strategic audit.

1. Quote Speech

In recent years, with the continuous advancement of the reform of state-owned enterprises and the reform of state-owned assets supervision and management services, and the continuous strengthening of the construction and supervision of enterprise internal audit work, the State-owned Assets Supervision and Administration Commission of the State Council has successively issued a series of relevant policy documents. With the rapid development of modern state-owned enterprises, the reform of state-owned enterprises has been deepened, and internal audit has been paid more and more attention and played an increasingly important role. Decree No. 11 issued by the National Audit Office stipulates: "Implement independent and objective supervision, evaluation and suggestions on the financial revenue and expenditure, economic activities, internal control, and risk management of the unit and its subordinate units, so as to promote the unit to improve governance and achieve its goals." Internal audit has moved from the traditional model to a new stage. In a market economy, in order to gain advantages in the competition of enterprises in the same industry, state-owned enterprises must carry out strategic management, carry out strategic layout and rational allocation of resources for enterprise development. Therefore, enterprises should implement strategic internal audit, strengthen internal supervision, optimize the overall strategy of the enterprise, and avoid risks.

2. Necessity of Implementing Strategic Audit for State-owned Enterprises Under the New Situation

Strategic audit is a new type of audit method produced under the development and progress of the times. At present, the focus of audit work of many enterprises has gradually changed from internal audit to strategic audit. Strategic audit work is of great significance for giving full play to the functional value of internal audit, improving the strategic decision-making ability of enterprises, and improving the

company's management structure.

Strategic auditing adapts to the requirements of corporate governance. Corporate governance is the management and control of a company, a system produced by the separation of ownership and management rights. Strategic auditing can be divided into two aspects, one is the manager; the other is the governance layer. The messages of managers and governance layers are not equal. Strategic auditing can help the governance layer understand the manager's strategic vision, and adjust the strategy in time according to the dynamic analysis and evaluation of Strategy and Development to ensure that the development of the enterprise does not deviate from the goal. Managers can also adjust the strategy according to the specific situation in the implementation of the strategy, so that the company can adapt to the internal and external environment. Zhu Hongbo (2021) believes that some enterprises should establish strategic audits to deal with the problems arising from the internal economic relations of group enterprises, and takes listed W companies as an example. It discusses the extension of internal audit of enterprise companies to the strategic audit model, and discusses the idea and process of building a model that combines internal audit and strategic audit. Wu Kunlong (2020) comprehensively discusses the strategic management of insurance companies and other aspects, and focuses on the connotation, necessity and audit content of strategic audit of insurance companies. It expounds that the strategic audit direction is selected by comprehensively considering the company's development stage, the requirements of governance and management, and the strategic content.

Strategic auditing realizes enterprise value-added. Due to its own independence and objectivity, internal audit institutions can play an irreplaceable third line of defense in strategic decision-making under enterprise risk management. In major strategic decisions, internal audit is urgently needed to help deal with these risks from an independent and objective perspective. This is mainly because once a failure in strategic risk areas such as capital projects, mergers and acquisitions, and product projects occurs, it will have a huge potential impact on the market value of the enterprise. For

managers, the most important thing is how to expand corporate value. Shi Xian (2006) pointed out that maximizing corporate value is the goal of corporate governance, and optimizing strategy and improving its effectiveness requires feedback and supervision from strategic auditing.

Strategic audit meets the high-quality development needs of state-owned enterprises. In the "14th Five-Year Plan", the new development stage, new development concept, and new development pattern run through the whole text as the main lines, and the theme of high-quality development is proposed. Therefore, in my country's transition from a rapid growth stage to an economic stage of high-quality development, strategic management is very important for the development of state-owned enterprises. It can help enterprises to position themselves reasonably, discover and analyze problems existing in high-quality development of enterprises, pay attention to changes in the market environment of their industries, and use big data to obtain information to promote the production and operation of enterprises in accordance with relevant policies and regulations issued by the government. Qian Chenyu (2021) expounds the existing development research of strategic auditing, and demonstrates the practical application of strategic auditing with examples. Baosteel Group and China Aerospace Science and Technology Corporation, through their exploration of internal auditing methods, prove that strategic auditing is to adapt to the internal and external development of enterprises. The inevitable result.

3. Problems Existing in The Implementation of Strategic Audit in Current State-Owned Enterprises

3.1. Strategic audit objectives are not clear enough

Internal audit of state-owned enterprises mainly includes financial revenue and expenditure audit, economic responsibility audit, performance audit, special project audit and other forms. From the perspective of audit time, internal audit mostly focuses on ex post supervision and ignores ex ante and in-process supervision. From the perspective of audit methods, there are many separate supervision or special project supervision on all aspects of the company's operation and management, but few systematic and comprehensive analysis from the company's strategic landing and sustainable development. In addition, the management of some enterprises is not forward-looking, cannot truly recognize the value-added function of internal audit value, cannot combine internal audit with company strategy, and does not pay attention to corporate strategic management, which leads to huge business risks in enterprises. As a result, the establishment of internal audit departments in companies is largely only to meet the requirements of relevant regulatory departments, and the contribution to the company is relatively small. Internal audit should not only play a supervisory role, focusing on finding mistakes in enterprises. Internal audit needs to delve into the reasons behind the problems to understand whether the audited unit is currently encountering difficulties, explore in depth whether there are unmet needs, and propose feasible solutions.

3.2. Insufficient competence of auditors

Since my country has been dominated by traditional

financial auditing in the past few decades, many excellent internal auditors have not yet established a correct understanding of the role of their own work in the process of strategy implementation. Accumulate experience in strategic auditing. In addition, according to "Internal Audit of State-owned Enterprises in the New Era: Status, Development and Challenges - Empirical Evidence from Questionnaires" [9], nearly half of the enterprises (49.6%) have a master's degree or above in the internal audit personnel. The proportion is below 10%, only 11.0% of the internal audit personnel with a master's degree or above in the enterprise account for 50%, and the overall proportion of internal audit personnel with a high academic background and internal auditor or certified public accountant qualifications is relatively low. At the same time, most of the internal audit personnel of these enterprises are finance-related majors, and the proportion of other professionals, such as Internet, engineering and other business-related majors, is very low. Carrying out strategic audits requires different perspectives, involves many aspects, is more difficult, and requires targeted review and evaluation methods. This status quo increases the requirements for strategic auditors. Since the auditing profession and auditing education are still in the process of development, and the operating conditions and characteristics of each enterprise are different, the professional competencies of internal auditors vary greatly.

3.3. The internal control system is not perfect

Most enterprises have also formulated an audit system, but some have not formulated an internal audit system suitable for their own enterprises and related industries based on the actual situation of the enterprise and the development requirements of the industry, resulting in poor independence and adaptability of internal audit, and it is difficult to function. At the same time, when many enterprises set up departments, some enterprises merge audit institutions and supervisory institutions for auditing, and some set up auditors in the accounting department. These behaviors often damage the independence of internal audit, and ultimately lead to unclear corporate work responsibilities. Strategic audit is a very important part of the daily management and internal control of an enterprise, and it cannot make appropriate work assignments to the work of internal audit personnel. Due to the lack of scientific and reasonable implementation measures for strategic audit, the strategic audit work lacks planning, and there is no communication and exchange of various problems after it is carried out, which affects the longer-term development of the enterprise.

3.4. Audit informatization seriously lags behind

In the current period, "Internet +" has risen to a national strategy, big data and cloud computing have been fully applied in all walks of life, and real-time, standardized and integrated financial and business information systems are showing individualized and customized characteristics, and continue to upgrade, while Internal audit is far behind the tide of information technology, and some enterprise internal audits are still at the manual audit level. A few enterprises have only realized the informatization of routine audit operations. It is still rarely involved in automated risk monitoring and early warning, big data analytics, information system auditing, etc., and cannot achieve in-depth analysis of massive data and full coverage of audit fields, which seriously limits internal The

role of audit. At the same time, due to the problem of capital investment, the hardware and software equipment of the enterprise are very imperfect and cannot meet the requirements of efficient audit work. In this environment, audit staff often focus their work on the business activities of the enterprise after the fact, and the work content is still to use the traditional method to conduct legitimacy audits on balance sheets, cash flow statements, etc., while lacking a constructive role in enterprise development.

3.5. The use of internal audit results is not up to standard

Since the internal audit department has a supervisory function within the enterprise, its supervision covers the business activities and every level of the entire enterprise, and the internal audit work with post-mortem supervision as the main body is limited to the implementation of supervision. Feedback on problems that arise in the completed work or affairs, and in the subsequent regulatory evaluation, once problems are identified, they can only be corrected after the fact, the difficulty of rectification will increase, and some problems cannot be rectified. Moreover, the audit system of most enterprises is not perfect, the guidance and supervision of rectification methods are not in place, and the phenomenon of repeated trials and offenders caused by various reasons is widespread in enterprises, and the supervision efficiency of internal audit cannot be effectively exerted, thereby increasing the enterprise. Management and operational risks. In the "Enlightenment of the Promulgation of the National Audit Office's Order No. 11 on Internal Audit Work - Investigation Based on the Internal Audit Situation in Some Industries" [10], it is shown that the forms of audit results are used, such as being used by government audits or audits by higher-level competent departments (19.35%), timely transfer of relevant clues to discipline inspection and supervision or judicial organs (27.81%), audit results and rectification as an important basis for assessment, appointment and removal, reward and punishment of cadres and related decision-making (32.54%), etc. The proportion of application is relatively low.

4. The Path to Strengthen the Strategic Audit of State-owned Enterprises

4.1. Enterprises should establish strategic thinking

The foundation of the existence and development of an enterprise is to create value, and the strategy of an enterprise is a description of how to realize the value orientation of the enterprise itself, so the strategy of an enterprise is of great significance for realizing the value creation and value-added of the enterprise. Internal audit is committed to achieving corporate goals. It can be said that the mission of modern internal audit is to promote the value-added of the organization, and the strategically oriented internal audit model can better play its value-added role. Establish strategic thinking and use it as a scientific guarantee to improve the effect of strategic audit. When implementing internal audit, in order to give full play to the effect of strategic audit, it is necessary to use training and other means to let auditors know what strategic audit is and increase the importance of strategic audit. In the process of building an enterprise internal audit system from the perspective of strategic management and realizing the value-added value of enterprise internal audit, enterprise management needs to clarify the content of

strategic internal audit in the enterprise charter, and ensure that strategic management internal audit is highly valued by the enterprise board of directors and management through the combination of enterprise strategic management monitoring and internal audit. The board of directors and the enterprise audit committee should also play an active role in clarifying the importance of strategic audit and promoting the implementation of strategic audit. The internal audit department needs to change its current work concept and actively market the value of internal audit work to decision-making levels, management and company employees. Accurately recognize the value positioning of internal audit, help enterprises find out the problems existing in operation and management and propose reliable problem-solving measures, improve the ability of enterprises to deal with various risks and challenges, and ultimately promote the realization of corporate strategic goals, and continuously create new value for enterprises.

4.2. Achieve diversification and professionalization of strategic internal audit personnel

Auditors are the core of the implementation of corporate strategic internal audit. Enterprises need the internal audit department to establish a diversified and professional audit team. Strategic auditing should not only be familiar with corporate decision-making and operation, but also from the perspective of corporate strategic management. It is very familiar with the overall operation of the enterprise, internal culture, information technology, and integration of the interests of all parties. It requires high-quality auditors to achieve. Auditors with strategic audit capabilities should also have a high sense of responsibility and good professional ethics, rich professional knowledge and skills, strong organizational capabilities, and the ability to analyze and deal with problems. They must also have meticulous observation and keen judgment. Enterprises can select auditors from the management and various business departments for training and practical exercise. Strategic auditing requires internal auditors to have strong learning ability and information analysis ability, and to master emerging auditing methods and auditing concepts. At the same time, pay close attention to changes in the internal and external environment of the enterprise, and have a clear understanding of the company's main direction and development strategy. The ability of auditors affects the progress of audit work. The implementation of strategic auditing requires the professional ability and comprehensive literacy of internal auditors. Companies should uphold the concept of encouraging competition, select the best internal personnel for regular training, and provide audit talents with a good platform for self-improvement and promotion.

4.3. Improve the internal control system and establish a strategic audit evaluation system

The company established a risk control leading group to coordinate and promote comprehensive risk management, internal control and compliance management. Organize and carry out annual internal control evaluation work, and comprehensively carry out annual internal control work in terms of system construction and implementation, threat and risk assessment and monitoring, information management

and control, and internal control system supervision and evaluation in combination with its own organizational adjustment and functional changes. At the same time, actively explore the effective integration path of internal control, risk management, and compliance management, promote the embedding of management into business processes, and effectively improve the effectiveness of risk management and control. Note that the company's internal control mechanism has been effectively implemented, no major defects have been found, and the annual internal control goals have been achieved.

Enterprises implementing strategic auditing can learn from financial auditing to build an audit evaluation system. The evaluation system can be divided into three levels: the company's articles of association, the internal audit charter, and the specific audit implementation system. The internal audit department can be used as the main body of strategic audit evaluation. The audit evaluation should aim to reduce strategic management risks, and the corresponding focus should be on the audit of the strategy implementation process and implementation results, so as to improve the corporate governance structure and improve operational efficiency. The strategic audit evaluation indicators can be comprehensively considered on the basis of the balanced scorecard, and the corresponding financial, customer, internal business process, learning and growth indicators can be selected to carry out the overall strategically oriented internal audit evaluation activities. When setting evaluation criteria, attention should be paid to the consistency between strategy and internal, the consistency between strategy and environment, the consistency between strategy and enterprise resources, the feasibility of strategy, and the tolerance of strategic risks.

4.4. Broadening the strategic audit approach

In the internal audit work of state-owned enterprises, how to correctly use big data technology is very important to ensure the smooth progress of this work and obtain accurate audit results. According to the actual situation of the enterprise, use intelligent methods to conduct audits, and conduct comprehensive analysis and audit of all data and information of state-owned enterprises. From the perspective of establishing a digital audit soft environment, it is necessary to adhere to the principles of autonomy and informatization, and establish and improve the leadership mechanism of state-owned enterprise internal audit. In order to ensure the authenticity and accuracy of audit data, the internal audit work of state-owned enterprises has established a sound big data platform, which can not only ensure the comprehensiveness and accuracy of audit data, but also effectively filter and analyze audit results, and improve the quality of audit results. First, focus on the positioning of the data interface, properly integrate and adjust, strictly follow the current industry norms, and quickly exchange and share information among multiple departments to ensure that the internal audit work of state-owned enterprises can be carried out normally. Second, when facing different types of databases, access can be achieved through information sharing. It is necessary to conduct a comprehensive investigation and reconstruction of the existing internal audit mechanism, and then introduce information technology to ensure the efficient transmission of various internal data, so that audit information can be collected and analyzed in a timely manner. Overall planning from the overall situation, and reasonable integration and analysis of data and

information

4.5. Focus on the application of audit results

Pay attention to the problems that need to be rectified in the audit, pay attention to the application of audit results, establish a regular audit work meeting and weekly reporting mechanism, and the main leaders and team members of the company regularly listen to audit work reports. The Audit and Risk Management Department has established a special rectification working group by improving the system, solidifying the rectification workflow and increasing the assessment efforts, issuing rectification reminders and reminders, and carrying out a series of measures such as follow-up audits of sub-division and subsidiary rectification issues to promote the completion of the rectification of internal and external audit issues and ensure that the rectification work is effective.

5. Conclusion

State-owned enterprises must not only respond to the national policy call for high-quality development, but also be affected by factors such as complex changes in the internal and external environment of the enterprise. In order to achieve long-term sustainable development, it is not only necessary to formulate correct strategies and rationally plan the path for the realization of the strategy. It also needs to be flexibly adjusted, and strategic auditing has achieved remarkable results in achieving corporate strategic goals. Strategic audit work improves the problems existing in corporate audit work and provides a strong guarantee for the Strategy and Development of enterprises. If state-owned enterprises want to implement strategic audit work, they need to establish strategic thinking, realize the diversification and specialization of strategic internal audit personnel, establish a strategic audit evaluation system, broaden audit methods, and use audit results in a timely manner to promote the healthy development of enterprises.

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