

Research on the Internal Control Environment of State-owned Enterprises

-- Taking H Enterprise as An Example

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Abstract: With the development of China's economy and social progress, enterprises have put forward new requirements for their own management ability. In order to better adapt to the development needs of the current market economy, state-owned enterprises must strengthen the internal control construction. In this process, we should start from many aspects and take corresponding optimization measures to improve its internal control level. This article mainly analyzes and discusses the internal control environment of state-owned enterprises. Taking H Enterprise as an example, it analyzes some common problems and causes of state-owned enterprises at present; At the same time, it also points out that there are still some deficiencies in the internal control environment of state-owned enterprises at the present stage, and then puts forward specific measures to further improve the internal control environment of state-owned enterprises, in order to effectively improve the status quo and existing problems of the internal control environment of state-owned enterprises through these measures.

Keywords: State-owned enterprises, Internal control, Internal environment.

1. Introduction

In the new historical period, China has put forward higher requirements for the reform of state-owned enterprises. Therefore, how to strengthen and improve the internal control construction of state-owned enterprises has become one of the most important and urgent issues at present.

According to the current situation of the internal control environment management of state-owned enterprises, there are generally the following problems: first, the corporate governance structure is not sound; Second, the formulation and implementation of enterprise development strategies are not in place; Third, the company does not pay enough attention to human resources management; Fourth, the function of the internal audit department is not paid enough attention. Therefore, the construction of internal control environment of state-owned enterprises should also focus on these aspects.

2. The Necessity of Strengthening the Construction of Internal Control Environment in State-owned Enterprises

2.1. It is conducive to protecting the safety and integrity of state-owned assets

State-owned capital is an important national resource and strategic reserve force, which plays a significant role in ensuring the sustainable and healthy development of the national economy. Moreover, state-owned enterprises produce a large amount of capital, physical objects and intangible assets in the process of production and operation, which are the most basic components of state-owned assets and the basic conditions for maintaining social stability.

Therefore, by strengthening the internal control environment of state-owned enterprises and improving the construction of the internal control system of enterprises, we

can effectively protect state-owned property from loss, and thus better serve the economic and social development.

2.2. It is conducive to improving the core competitiveness of state-owned enterprises

At present, in the context of economic globalization, the competition among enterprises is increasingly fierce, and the risks faced by state-owned enterprises are increasingly complex and intensified. The issue of internal control has become the core element related to the stability and sustainable development of state-owned enterprises.

Therefore, in the new situation, state-owned enterprises must attach great importance to and constantly improve the internal control environment, strengthen the construction of their own internal control system, and achieve effective supervision of operation and management activities by optimizing and improving system norms, optimizing organizational structure and other measures, so as to improve the overall operating efficiency of enterprises and enhance their core competitiveness.

2.3. Helps to prevent the operational risks of state-owned enterprises

In the process of enterprise development, there will be a large number of unstable factors, which will greatly affect the development of enterprises. State-owned enterprises must take effective measures to deal with these unstable factors to ensure their long-term development. In fact, opportunities and risks coexist. On the premise that state-owned enterprises can effectively protect their own security, they should face risks bravely and seek development in the face of risks. There is no doubt that the development of state-owned enterprises is often affected by various risks. For example, the allocation of resources is unreasonable, the level of technology is not high, and there is a lack of cooperation between departments. A good internal control environment can promote the efficiency of enterprise internal control and effectively control

enterprise risks.

Therefore, all departments, fields and positions of the enterprise must actively cooperate with the management to build the internal control environment, improve the internal control mechanism of the enterprise and prevent enterprise business risks.

3. H Problems in the Internal Control Environment of Enterprises

3.1. H The internal governance structure of the enterprise is not sound

Generally, the governance structure is composed of the general meeting of shareholders, the board of directors, the board of supervisors and the management level. but the specific governance structure needs to be formulated in combination with the enterprise's own operating characteristics and the conditions specified in its internal control system. According to the existing organizational structure of Enterprise H, Enterprise H has set up a party committee, board of directors, board of supervisors and management in terms of corporate governance, but has not set up a discipline inspection committee, and its internal control system clearly stipulates that enterprises need to set up a discipline inspection committee.

This reflects the problems such as insufficient implementation of internal control of H Enterprise and inadequate implementation; At the same time, it was found that the nomination of the Board of Directors in the internal control system of Enterprise H had not been changed, resulting in the inconsistency between the nomination of the Board of Directors in the previous year and the internal control system. Its internal control system stipulates that the board of directors should be composed of seven directors, five of whom should be nominated by the State-owned Assets Supervision and Administration Commission of the municipal government, and one director should be recommended and elected by the municipal water authority, but the internal control system did not modify the nomination content of the board of directors in time.

3.2. H Inadequate implementation of enterprise development strategy

The formulation of the development strategy needs to consider the overall objectives of the enterprise for the first time, and then have a clear understanding of its core competitiveness. At the same time, it needs to understand how the current development trend of the industry is, follow the development trend of the industry, and fully consider the external environment, such as political environment, economic environment, legal environment, cultural environment and technological environment. The ultimate goal of the development strategy is to guide the development of the enterprise, achieve the overall goal of the enterprise, and achieve long-term development. It is not necessary to talk on paper, but must combine the plan with the actual completion, and timely adjust the development strategy of the enterprise.

According to the development strategy and planning data of H Company, no documents such as the resolution of the strategic development meeting or the approval of the state-owned assets for development were found. It is obvious that although the development strategy of the enterprise has been formulated, it has not really been implemented. There is a

development strategy that is mere formality and does not play a role in guiding the future development of the enterprise. At the same time, it was also found that the management of Enterprise H did not play a good leading role and the management system was not implemented in place. The management itself does not have enough understanding of the current development strategy of Enterprise H, let alone its implementation, which also reflects that the training of employees of Enterprise H still needs to be strengthened.

3.3. H The human resource management system of the enterprise is not perfect

Enterprise H has established a human resource management system, established personnel management systems such as employee attendance and leave management measures, post setting scheme, employee welfare, employee training, etc. standardized all aspects of employee training, assessment, remuneration, and formed an effective incentive mechanism. In addition, Enterprise H strictly abides by national laws, regulations and policies in terms of recruitment, management, use, dismissal and resignation of employees, signs formal labor contracts with employees, and exercises power and performs obligations in strict accordance with labor contracts.

However, the following problems were still found in Company H: the human resources status roster was not updated in time, the regular rotation mechanism was not established, and the promotion channel was lacking. The list of human resources status is not updated in time, which means that the division of work responsibilities among the departments of Enterprise H is not good, the HR Department is not clear about the work responsibilities of its own departments, and it also reflects that the company's staff training is not in place, so that the staff list is not updated in time; From the current operating situation of Enterprise H, due to the lack of regular staff rotation mechanism, the comprehensive ability of grass-roots staff cannot be fully developed, which is not conducive to the integration of human resources.

The regular rotation system is conducive to cultivating compound talents, improving employees' understanding of the business of various departments of the enterprise, and helping employees better explore their own potential, find the direction suitable for their own development, so as to achieve a win-win situation for employees and enterprises; At the same time, Enterprise H still lacks promotion channels. The lack of promotion channels often leads to the employees' lack of goals, laziness, and even loss of confidence in the enterprise. Many employees have been at the grass-roots or middle level, unable to see the promotion hope, and choose to leave, resulting in the loss of a large number of talents in the enterprise.

3.4. H The responsibility of the internal audit department of the enterprise is not attached importance to

At present, Enterprise H has gradually carried out discipline inspection and supervision, internal audit and other work. However, Enterprise H still has the following problems: the independence of internal audit institutions is affected, professional audit talents are lacking, and the audit system is not perfect. In terms of the independence of internal audit, Enterprise H stipulated that all employees' expense reimbursements should be reviewed and signed by the Audit

and Supervision Department. There was a situation where the employees of the Audit and Supervision Department reviewed and signed their own expense reimbursements, which seriously weakened the independence of the internal audit department; Secondly, most of the employees who participate in the internal audit of Enterprise H are financial personnel and lack of audit professionalism.

At present, enterprises have higher and higher requirements for internal audit. Internal auditors must have audit-related professional knowledge and relevant work experience to effectively complete the internal audit work of enterprises. Therefore, the employees of the internal audit department of Enterprise H obviously do not meet the requirements and can not well adapt to the development needs of enterprises, which to some extent limits the development of enterprise internal audit and the ability of enterprises to prevent risks. Although Enterprise H has formulated relevant internal audit system and set up internal audit links, it cannot well guarantee the independence of internal audit, the quality of work cannot be guaranteed, and it lacks standardized audit procedures and methods. The usefulness of internal audit is worth discussing.

4. H Internal Control Environment Optimization Strategy of Enterprise

4.1. Improve the internal governance structure of enterprises

Internal governance is a comprehensive management process that takes the board of directors, managers and all employees of the enterprise as the main actors and aims at ensuring the reliability of financial reports, efficient operation of production and operation, and compliance with various laws and regulations. The implementation of internal governance can not only greatly improve the operational efficiency of enterprises, ensure the accuracy and reliability of accounting information, but also help enterprises better achieve their strategic objectives. This management mode is not only the core of modern enterprise management, but also can greatly improve the management level of enterprises, and can effectively prevent and control economic risks. At the same time, improving the internal governance structure of the enterprise is conducive to the realization of self-restraint of the enterprise; It is helpful for the management to grasp accurate and reliable accounting information in time; It is beneficial for enterprises to make scientific and reasonable decisions; It is conducive to stimulating employees' enthusiasm for work.

Enterprise H needs to improve its governance structure according to its articles of association, complement the inspection committee of the Discipline Inspection Commission, ensure its normal operation and play its role, ensure the integrity of the company's internal governance structure, and achieve self-restraint. At the same time, establish and improve the accountability mechanism, give full play to the functions of the Board of Directors and the Commission for Discipline Inspection and Supervision, implement the internal control system in place, so that all levels of the enterprise do not exceed their authority and fulfill their responsibilities in work, and give full play to the effectiveness of internal control in enterprise management.

In view of the problems in the operation process of Enterprise H, such as the nomination and other issues not being updated in the internal control system in a timely manner, the enterprise management should pay full attention

to the construction of internal control in the follow-up work, and timely distribute the work related to internal control to all departments. All departments of the enterprise should participate in the improvement of the internal control work of the enterprise, so that all departments of the enterprise can clarify their internal control responsibilities and effectively perform their responsibilities and obligations.

4.2. Define enterprise development strategy

To clarify the enterprise development strategy, the first thing to be determined is the company's business objectives and development direction. In this regard, when formulating the development strategy, Enterprise H should fully consider the following points: first, to ensure the long-term stability of the enterprise; Second, to ensure the sustainable development ability of enterprises; Third, we should also give consideration to social and economic benefits. In comprehensive consideration of the current business situation of Enterprise H, the most important thing for Enterprise H is to understand the needs of customers, understand the market situation and formulate development goals suitable for the enterprise. The realization of strategic objectives cannot be achieved without strong executive ability. The strategic implementation of Enterprise H can start from the following aspects:

First, establish the strategic planning management mechanism of market insight. Through the collection of relevant information such as market dynamics and competitors, and taking these data as a reference basis to make enterprise strategic decisions, and constantly improve the enterprise strategy according to the actual situation; Secondly, optimize resource allocation. In order to ensure the realization of scientific allocation of resources, efficiency priority and other objectives, Enterprise H needs to develop strategies to match the strategic objectives, increase the frequency and efficiency of communication between employees, and timely communicate the difficulties encountered and achievements achieved in the implementation of the strategy; Finally, enterprise H should establish a supervision and improvement mechanism. Establish an annual, semi-annual, quarterly and monthly strategy review meeting mechanism, analyze the operation results and expected objectives, and make timely strategic implementation evaluation, which is conducive to ensuring the smooth implementation of the strategy.

4.3. Improve the company's human resources management system

A reasonable and effective human resources policy is conducive to the implementation and implementation of the internal control system and the maximum role of the internal control system. For Enterprise H, the current problems are that the human resources status roster is not updated in time, the regular rotation mechanism is not established, and the promotion channel is lacking. Therefore, the improvement of human resources management system is mainly carried out in these aspects:

First of all, timely update the human resources status roster, mainly to establish and improve the regular update system of the human resources roster, such as updating the enterprise roster quarterly or monthly, so that the enterprise management can timely understand the current enterprise personnel status, and facilitate the reasonable allocation of human resources.

Secondly, establish a regular rotation mechanism for employees. The purpose of job rotation is to make each employee familiar with the work characteristics of different positions in the enterprise, fully tap the potential of employees, improve the comprehensive quality of employees, and create more value for the enterprise. Regular job rotation helps enterprises to find excellent talents and stimulate employees' enthusiasm for work. If an employee stays in a certain position for a long time, he/she will gradually lose his/her freshness and enthusiasm, so that the employee will be lazy, slack, or even leave due to boredom, resulting in the loss of talents familiar with the enterprise position. Stimulating employees through regular job rotation is conducive to the comprehensive talent cultivation of enterprises. At the same time, Enterprise H should also pay attention to talent echelon construction and talent introduction, constantly improve the talent team, promote talent growth, improve talent quality and level, and help the enterprise develop steadily and healthily.

Finally, Enterprise H should reasonably plan the promotion channels of employees, broaden the promotion path, formulate the title (length of service) and salary matching system, over-completion incentive system, etc., to enhance the enthusiasm of employees and stimulate the subjective initiative of employees. This system can not only enable employees to create more value for the enterprise, but also help enterprises cultivate and retain outstanding talents, improve the comprehensive strength of enterprises and reduce the cost of human training.

4.4. Strengthen internal audit

The internal audit is conducted by the full-time internal auditors of the enterprise, which is mainly responsible for collecting and sorting out the problems existing in the enterprise's business activities and relevant information and materials, and putting forward suggestions. In this process, we should pay attention to the independence and professionalism of the audit work. First of all, enterprises should establish special internal audit institutions independent of the original departments of enterprises to ensure the independence of internal audit institutions; Secondly, hire professionals as consultants or supervisors to ensure that the audit results can truly reflect the actual situation of the enterprise; Finally, it is necessary to establish a corresponding incentive system to mobilize staff to participate in enterprise management, so as to improve the overall operating efficiency of the enterprise. There are also certain requirements for the writing quality of the audit report. Only when the content is comprehensive, accurate and logical can the value of the audit report be better displayed to the outside world.

In order to solve the problems such as the influence on the independence of the internal audit institution of Enterprise H, the lack of professional auditors, and the imperfect audit system. Firstly, Enterprise H needs to strengthen the

independence of internal audit, establish a complete set of internal audit management mechanism, set the internal audit institution of Enterprise H under the independent jurisdiction of the leader, independent from other departments, and not subject to the restriction and influence of other departments, and improve the authority of internal auditors; Secondly, improve the quality of internal auditors of enterprises. For new auditors, relevant training activities should be carried out regularly, so that they can master the modern technology of enterprises and use computer software to complete the audit work; Thirdly, we should increase efforts to introduce advanced equipment, such as electronic data acquisition system, big data audit software system, etc., to assist internal audit staff in audit work and improve internal audit efficiency; Finally, Enterprise H needs to clarify the laws and regulations of internal audit, so that the audit activities can be based on laws and regulations, so as to improve the authority of internal audit.

5. Conclusion

To sum up, the problems in the internal control environment of Enterprise H are mainly reflected in the following four aspects: the internal governance structure is not sound, the development strategy is not implemented in place, the human resources management system is not perfect, and the internal audit department functions are not attached importance to. In this regard, Enterprise H needs to solve the above problems by improving its internal governance structure, clarifying its development strategy, improving its human resources management system, and strengthening its internal audit.

Perfecting the construction of internal control environment is conducive to strengthening the core competitiveness of enterprises and ensuring high-quality development of enterprises. It is hoped that the research in this paper will have some reference significance for the future internal control environment construction of H Company.

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