

Research on Optimization Strategy of Enterprise Internal Control Based on Risk Management

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Abstract. With the deepening of market economy and the development of global economic integration, Chinese enterprises are faced with complex competitive pressures, and internal control plays an irreplaceable role in maintaining the healthy development of enterprises. The article is based on this understanding, first introduced the risk management and internal control of the relevance, and then to risk-oriented perspective, to internal control information disclosure as the research entry point, analysis of internal control problems, the final targeted The corresponding strategy.

Introduction

Enterprises are an important part of China's economy, its development can not only promote the overall development of China's economy, so that China's internal market environment more competitive, and through competition to continuously enhance their own strength, for the community increased employment opportunities. Such as the order, in the enterprise to flourish at the same time, its internal control chaos and the ability to deal with the lack of risk and other issues gradually emerged. In the case of macroeconomic changes in the environment, how to adapt to the development trend of enterprises, how to survive in an increasingly complex competitive environment and get long-term development, we need to think and explore the social problems. Among them, the internal control of enterprises is an important factor, the activities of enterprises must be carried out under the norms of internal control, if there is no sound and perfect internal control, business survival and even development is empty talk.

Relationship between Risk Management and Internal Control

The Relationship between Risk Management and Internal Control

First, the object of the implementation of the two consistent. Risk management, like internal control, is a mechanism by which managers are used to motivate and constrain employees in order to improve corporate competition. This mechanism requires the entire enterprise from top to bottom with, rather than just the internal control implementation department, or risk prevention department of the individual things, the need for all staff of the coordination and participation. Second, the two goals are consistent. These two mechanisms are managers for the enterprise to better development, protection of corporate interests are not subject to external and internal damage to the purpose of the establishment. Finally, risk management is the direction of internal control. Can be seen from the "enterprise risk management - the overall framework" to see. The framework of risk management is the framework of the internal control framework, which is the extension and complement of the whole framework. In order to make enterprises more efficient and diversified development, we must implement internal control. However, in the ever-changing world economic environment, enterprises will face more, more complex, more diversified risk. Therefore, internal control based on risk management will be a better choice for future enterprise development.

The Difference between Risk Management and Internal Control

There are two main differences between risk management and internal control. First, the difference in the specific operational processes, internal control is mainly through the internal operation of the various departments of the operation of the norms and optimization of work processes to reduce the internal self-consumption, such as checking the authenticity and integrity of corporate accounting information Or regulate the various departments of the rules and regulations to promote the healthy and rapid development of enterprises. Risk management uses a variety of methods to assess the likelihood of risk, and reduce or avoid the risk, so that enterprises from the risk of reducing the risk of loss. Second, the applicable environment is different, the internal control of its control is mainly in the enterprise internal environment, and risk management is the main consideration of the external environment. Enterprise management personnel through the development of internal control system to ensure that the normal operation of enterprises in the normal operation, reduce meat consumption. For risk management, business managers will have to consider the risk from outside the enterprise and the enterprise may face the risk.

Internal Control Issues Based on Risk Management

Risk Awareness is Weak.

With the further development of China's socialist market economy, the competition between enterprises is becoming more and more intense, the risk of enterprise management is also increasing. The goal of internal control and risk management is to control the enterprise risk, so that enterprises can effectively avoid risks and guarantee enterprises The implementation of strategic objectives for enterprises to increase profitability. Risk management and internal control are throughout the entire production and business activities. However, most of our enterprises do not establish a high degree of risk awareness, the risk of understanding still remain in the planned economy era under the seller's market level, not only did not form a sense of risk, let alone establish an effective and perfect risk management mechanism The In the actual development of enterprises, often over-emphasis on the rapid expansion of enterprise development, focusing on the immediate interests of enterprises to achieve, while ignoring the details of every detail of business operations, ignoring the business continuity of each link And the impact of the risk of interaction, but also ignore some of the behavioral decisions will be the future development of the enterprise to bring serious adverse effects, but also far from standing on the business objectives and the overall risk of corporate risk to develop a sound corporate risk control system. Some enterprises even if the establishment of risk management or internal control system, but the lack of effective risk complex and risk assessment, risk response system, leading to low anti-risk ability of enterprises to a large extent reduce the ability to resist the risk of business management, risk-averse.

Risk Management Organizational Structure is not Perfect.

At present, most of our enterprise risk management organization structure is imperfect. Many enterprises have serious risk management structure problems, resulting in the vast majority of enterprises in the risk of the subject is not clear, there is no clear different departments and different positions of staff responsibilities and work procedures, but also the lack of specialized personnel for enterprise risk management, Establish a dedicated risk management department. Although some enterprises to establish a risk management part, but more than the leadership of the enterprise part-time management, and no specialized management personnel, risk management commitment to the main body is not clear, the problem will shirk responsibility, unable to bear the independent, with Authoritative and effective management of corporate risk responsibilities, and ultimately cause most of our business risk management system is simply stopped at the oral level or stay in the file, there is no clear property rights, separation of government and enterprises, clear responsibility, management Scientific modern enterprise risk management system, and the risk management system are from the short-term immediate interests of the enterprise. For example, some listed companies have also set up a board of directors, board of supervisors and so on, but in the actual

enterprise management, the board of supervisors, the board of directors of the monitoring effect is seriously weakened, the enterprise does not establish the actual development of enterprises in line with the needs of enterprise development risk management organization system.

Lack of Understanding of Internal Control

Most enterprises in China have not established effective risk management and internal control organization system. Some enterprises have established risk management and internal control organization system. However, due to the lack of understanding and understanding of risk management and internal control, Knowledge is still in the traditional way of planning economic thinking, but also remain in the planned economy under the seller's market thinking, the internal control of the enterprise is mainly the traditional sense of internal control, such as the separation of incompatible duties, the general late Early retirement management. And some enterprises understand the internal control is to establish a summary of the rules and regulations to manage enterprises, to deal with internal control, internal control and risk management, internal control and business development and other issues are not really aware of the internal Control and risk management and enterprise development strategy objectives and business efficiency to enhance the effective link up. In the enterprise business development and risk prevention, often are heavy investment, light internal control, heavy income, light risk, resulting in the size of the enterprise assets and internal control, risk management is extremely inconsistent lining. Although a large number of asset size, but there is no perfect internal control and risk management, blindly emphasize the expansion of enterprise development, ignoring the risk of circumvention, and ultimately to business failure.

Information Communication is Blocked

Risk information must be in a certain form and framework to communicate, so that employees, management to fulfill their respective responsibilities. Enterprises must be a variety of data and information flow processing, the formation of a combination of corporate risk portfolio on the unified view, to facilitate the flow. There are usually three kinds of effective forms of communication from top to bottom, parallel and bottom-up. However, some enterprises in China there is information communication blocking problems, information down to convey, there will be delays, loss, distortion and so on; and up communication, due to information blocked, the upper management cannot quickly, get first-hand information, over time, There is information asymmetry, seriously affecting the quality of internal control.

Poor Supervision

Some enterprises in our country do not have an independent audit department, so that internal supervision cannot start. Or even if the establishment of an independent audit department, but because of lack of awareness of internal audit staff, the audit work does not attach importance to lead to internal audit status weakened, in vain, naturally caused poor supervision. This will lead to the departments only to pursue their own interests, ignoring the overall development of enterprises, so as to cause serious economic consequences of the enterprise.

Optimization Strategy of Internal Control of Chinese Enterprises Based on Risk Management

Improve the Quality of Business Managers

A good development of enterprises needs to have a high quality and excellent team management, to be able to protect the stable and healthy development of enterprises. As the makers and performers of the enterprise internal control system, the overall quality of the management of the enterprises, the importance of internal control and risk management directly determines the effectiveness of the implementation of internal control, directly related to the success or failure of business development. Throughout China's enterprises, most of the managers of the internal control and risk management are not enough to establish a risk management based on the internal control system do

not attach importance to the corresponding internal control oversight caused by inadequate efforts. Therefore, China's enterprise management needs to improve their overall quality, in the corporate culture, professional quality, internal coordination, management, personal qualities and other aspects to enhance their ability to be able to do for the development of enterprises corresponding to the internal control.

Create a Good Environment for Internal Control

At present, the role of management of enterprises in our internal control system has not been fully exploited, which is very unfavorable to the construction of internal control environment. To improve this situation, the first enterprise to strengthen the management of the dominant position in the enterprise, put forward management in the internal control of the core role of the process, and then also need to implement the independent director system, the introduction of independent directors, in order to better monitor the enterprise Internal control, and also clear the internal control of the division of labor and corresponding responsibilities, the establishment of a special committee to strengthen the internal management and control.

Handle the Relationship between Risk Management and Internal Control

Internal control is an important part of comprehensive risk management. Risk management is the basis of internal control. The root of internal control is the understanding and management of enterprise risk. In the management of enterprises, the relationship between risk management and internal control is not Fixed, but flexible, with the development of the times and continue to have new requirements and new relations. Enterprises should be based on the relationship between the two to develop a corresponding internal control strategy plan, so that internal control services in the enterprise risk management. In the initial implementation of the internal control strategy plan, the whole process of internal control to reflect the risk management. And in the whole process of internal control need to penetrate the risk assessment, risk management, strengthen the importance of risk factors, establish a sense of risk, the risk of various factors to control, the establishment of an effective risk management system.

Build an Internal Sharing Platform

Unified open communication platform and systematic workflow. First create a platform to create a fast and efficient communication of information conditions. And then implement the responsibility, the staff need to own work results, such as planning, reporting, summary and so enter the platform. And then the platform content to share. Finally, every six months to sort out the platform information maintenance, to retain important content and make the index easy to find assessment. So that all do not involve the confidentiality of corporate information sharing, so that all aspects of the overall understanding of the business situation. So that even if not in the same area of the departments can be the same effective transmission of information and smooth information can make the internal control system running time to find weaknesses, and make a risk response to improve the efficiency and effectiveness of internal control.

Strengthen Internal Oversight

First, we should establish and improve the internal audit system, the establishment of an independent, supervisory authority of the internal audit department. The implementation of the internal audit of the vertical management of the branch of the implementation of the audit system, will improve the independence of the internal audit department. And constantly improve the quality of the audit staff, to strengthen all aspects of skills training to ensure that the audit work in a timely and accurate to find the problem. But also the use of information technology to improve the efficiency and effectiveness of internal oversight.

Summary

As the process of global economic integration accelerates, internal control and risk management are an eternal theme for any country's business. If the risk does not pay attention to it will really threaten the healthy development of enterprises and even the survival of enterprises, serious will lead to corporate bankruptcy. Enterprises must establish a set of standardized, scientific internal control system and risk management system to help enterprises to increase the risk of prevention, and effectively avoid risks.

References

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