

Research on Internal Control of Logistics Enterprises- Taking S Logistics Company as an Example

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Abstract: In the context of economic globalization, logistics companies play an important role in the industrial chain. Logistics enterprises have ushered in a golden period of rapid development. The influx of a large number of logistics enterprises has also increased competition among peers. How logistics enterprises strengthen internal control and build core competitiveness will become the key. In this paper, S logistics company, an industry benchmark, is taken as an example. It analyzes the problems existing in the internal control activities of logistics companies, and puts forward the improvement plan.

1. Introduction

With the rapid development of economic globalization, China's economy is also developing at a high speed. The volume of international and domestic trade continues to show an explosive growth trend. As a key link of the supply chain, the logistics industry has ushered in a period of vigorous development. It is playing an increasingly important role in promoting the development of the national economy. However, in the past two years, the global epidemic has been serious, regional and even global prevention and control measures have seriously impacted logistics companies. The competition among logistics companies has also become increasingly fierce, which has increased the difficulty for logistics companies to survive and develop. How to solve the problems existing in the internal control of logistics enterprises and strengthen enterprise management is a problem that logistics companies need to focus on and think about.

2. Internal Control Concept

Internal control is a process implemented by the board of directors, the board of supervisors, the management and all employees of a company. It is to achieve the enterprise development strategy, improve the operation and management efficiency and achieve the control objectives [1]. Internal control elements include: internal environment, risk assessment, control activities, information and communication, internal supervision, etc.

3. Analysis of Internal Control Status and Problems of s Logistics Company

3.1 Imperfect Internal Control Environment

3.1.1 Corporate governance and organizational structure

The company strictly abides by the requirements of the government on corporate governance and organizational structure, establishes a more scientific and reasonable organizational structure, and sets up the general meeting of shareholders, the board of directors, the board of supervisors, and a series of the operation and management departments. Various operation management systems of the company are well formulated. However, the company's managers and ordinary employees have insufficient understanding of internal control. The staff of management departments focus on the business operation and attaches importance to the short-term profit objectives of the company. Internal control can not bring benefits to the company in the short term, so it is ignored by managers [2]. In the face of internal control, ordinary employees completely stay out of it and think that internal control is the business of managers, resulting in weak awareness of the overall internal control and poor internal control environment.

3.1.2 Human resources

S logistics company formulated a series of human resource management systems at the early stage of establishment, involving employee recruitment, promotion, training, performance management, salary and welfare, etc. In the process of the company's internal control, managers often play a decisive role in the enterprise internal control environment. The managers' business style deeply affects the behavior of departments and employees, and the managers' business philosophy is an important part of the enterprise culture, which deeply affects the overall development of the enterprise. Thus, managers will play an important role in the process of enterprise internal control. However, the management personnel of S logistics company change frequently. The frequent change of such core employees is bound to have a certain negative impact, such as unclear work objectives, unstable work processes, and inadequate work execution. There is also a large loss of technical personnel of the company, which leads to a turbulent state of the company's management and operation, resulting in an unstable internal control environment and hindering the development of the company.

3.1.3 Development strategy

The company's development strategy lacks stability. When formulating the strategy, the managers responsible for formulating the strategy fail to take the overall situation into account, fully consider the actual situation of the enterprise and accurately predict the future trend of the industry, resulting in great changes in the strategic objectives of the company every year. Many departments of the company need to make major adjustments to their work every year to adapt to the changes in the strategic objectives of the company, which also leads to confusion in the work of many departments. It is not conducive to creating a good internal control environment for the sustainable development of the company.

3.2 Imperfect Risk Assessment System

The fierce competitive environment has brought certain market operation risks to S logistics company [3]. Since its successful listing, S logistics company has quickly gained a foothold in the market with its advanced business philosophy and unique product slogan. In addition, the company has been able to develop rapidly with the good environment of the logistics industry. However, the company has not paid attention to and evaluated various internal and external risks existing in its operation.

The company lacks full-time departments and personnel to be responsible for the risk assessment of the enterprise. The company has deficiencies in many links, such as fund management, R & D project investment, inventory control, etc. When the risk first appeared, the company failed to find out and take corresponding measures in time, causing certain losses to the company. For example, the company lacked systematic and professional risk assessment on investment projects before

investment, and failed to control the investment risk within the range that the enterprise can bear. In recent years, the market environment has changed greatly. The company has failed to adjust its development direction in time, and has not taken into account the long-term use needs of consumers and the long-term trend of the market. Besides, the single commodity R & D mode leads to a single sales channel, which makes it difficult to cultivate a large number of fixed consumer groups belonging to the company.

3.3 Insufficient Control Activities

As a group company with multiple branches, the management of S logistics company is aware that defects in internal control activities will affect the development of key businesses of the company, so it pays more attention to the design and formulation of internal control system. However, the management did not pay enough attention to whether the relevant systems were fully understood and seriously implemented by the company's employees.

The deficiencies of S logistics company's control activities are mainly reflected in: Incompatible job control. For example, the company's management personnel and ordinary employees have certain "multiple roles"; Authorize decentralized control, such as over centralizing power to the general manager of the company when it involves major decisions of the company; In terms of personnel quality control, the company has not passed the relevant professional skills and comprehensive quality evaluation when recruiting employees for key positions. What's more, the company's staff training mechanism is not perfect.

3.4 Poor Information Communication

In the business process, information communication is very important. The information communication can directly determines whether the company can operate efficiently. It has an upward impact on the allocation efficiency of the company's leadership to subordinate departments, and a downward impact on the communication between downstream sales and customers. However, the existing problem of S logistics company is the lack of symmetry in the information exchange between departments. For example, the sales department only considers its own sales target and selectively ignores the credit risk of credit sales, while the credit department and the financial department pay more attention to the collect-ability of accounts receivable from the principle of prudence. The lack of frank communication between relevant departments has led to certain departmentalism in the work process of the financial department, credit department and sales department, which has increased the difficulty of information communication and had a negative impact on the effect of internal control.

3.5 Imperfect Evaluation and Supervision Mechanism

S logistics company has its own internal supervision mode. The company establishes internal complaint channels, investigation mechanisms, etc., so that the company can supervise the integrity of employees. In order to safeguard the legitimate rights and interests of cooperative manufacturers, the company has opened a complaint channel for the other party to reflect the illegal operations of its employees. At the same time, the complaint clause is clearly written in the commercial contract signed with the partner, so as to express the company's support for the partner to supervise the behavior of the company's internal staff. The company has established an internal control evaluation and accountability mechanism.

However, the members of the audit committee of s logistics company change frequently, and some members of the audit committee have a short term of office, so they can not effectively

perform their duties. The audit department under the audit committee is in the charge of the deputy general manager, who also assumes some management responsibilities and participates in some internal management of the company. There is a risk of self-evaluation, and the audit independence cannot be guaranteed. The Audit Department of the company lacks professional auditors. Most of the existing auditors' specialties do not conform to the job requirements. Some auditors have a single job experience, resulting in low work efficiency of the audit department and difficult to cooperate with the audit committee in effective internal supervision of the enterprise.

4. Measures to Improve the Internal Control of S Holdings

4.1 Establish a Good Internal Control Environment

4.1.1 Improve the governance structure and post responsibility system.

S logistics company should further improve its organizational structure, and clearly define the respective rights and responsibilities of the general meeting of shareholders, the board of directors, the board of supervisors and the management. In the operation and management of the company, reasonable authorization and decentralized control should be carried out. The board of directors, as the internal control evaluation organization of the company, needs to guide the internal audit organization of the evaluation implementation department. When the management transfers the company's decision-making tasks to each department level by level, it needs to combine the actual situation of each department, coordinate the resources of each department, coordinate the cooperation between departments, and assist each department to comprehensively formulate specific implementation measures and plans. It need to regularly organize the heads of all departments to communicate, strengthen the interaction and cooperation between departments, and avoid mutual prevarication in work. S logistics company needs to formulate scientific and reasonable post responsibilities based on systematic job analysis in combination with the current work needs of each post. The incompatible positions shall be strictly separated to avoid the phenomenon that one person holds multiple positions or has too much power. It can not only effectively prevent corruption and other behaviors, but also effectively increase the familiarity of managers with the exclusive work field.

4.1.2 Improve the human resources management system.

S logistics company needs to establish a dynamic employment mechanism that can be promoted or demoted, and can enter or leave. We should not only ensure that people give full play to their talents, but also encourage the rational flow of talents, abandon narrow ideas and establish a competitive and open concept of talents. With the continuous development of the company, human resource management should also keep pace with the times. It is necessary to constantly update the internal control system of human resource management and standardize the mechanism of selecting, educating and employing personnel. The company can fully mobilize employees' work enthusiasm by formulating a scientific and reasonable performance management system, and retain key employees of the company by designing an attractive salary system. By strengthening the construction of the company's corporate culture, let employees feel the humanistic care from the company, and enhance the cohesion and centripetal force of employees. Through the development and implementation of an open and transparent promotion system, a large number of excellent professionals will be attracted to join the development platform. In the selection process, the company should further improve the talent evaluation process and strengthen talent screening.

4.2 Improve the Risk Assessment Mechanism

For S logistics company, when conducting internal control management, it should manage risks

on the basis of full understanding of risks. S logistics company needs to grasp the following points to enhance its internal control:

First of all, S logistics company should fully understand the main risks that the enterprise may encounter in the process of operation. Since risk and return often coexist, high risk often means high return, while low risk means relatively low return. S logistics company should fully consider and weigh in the process of business decision-making, and strive to create more value within the acceptable range of risk. With the development of the company, risks are also changing. It should adopt different methods and means to deal with them according to environmental changes.

Secondly, it should integrate the risk awareness into the corporate culture, influence the employees through the risk culture, enhance the risk awareness of the employees, turn the awareness into practical actions, and promote the development of the enterprise. At the same time, it is necessary to strengthen the training of employees' risk management ability. It needs to ensure that all departments and posts of the company have certain risk management talents. Only when the risk awareness of all employees is improved, the company can improve the risk management level as a whole.

4.3 Strengthen Internal Control Activities

Strengthening internal control activities and controlling company business activities can help companies respond appropriately to risks. Control activities are an important guarantee for enterprises to achieve corporate goals. They do not exist independently in a company, but are closely related to each business of it. S logistics company shall separate and control the related positions. For example, the basic positions of the finance department shall be rotated regularly, and the project leaders of the company shall flow reasonably among similar projects, so as to prevent favoritism and fraud. It shall establish a complete budget management system to standardize the main work from prediction, decision-making, implementation, supervision to assessment, so as to make the rights and responsibilities clear and the management in place. Budget management should be timely. If it lags behind, it is not convenient for enterprise managers to timely analyze the business situation of the company. It is not conducive to controlling the overall situation from the macro level. By continuously strengthening the company's budget management, the company's operation and management efficiency can be improved and the company's objectives can be achieved.

4.4 Ensure Information Communication and Exchange

4.4.1 Establish an effective information system

With the expansion of the company scale, the information generated inside and outside the company gradually increases, and the amount of information that needs to be exchanged and shared by all parties increases. In order to meet S logistics company's internal control activities, it is necessary to collect, process and utilize various information in a timely manner. It is important to establish ERP information system with accounting information system as the core, improve the utilization rate of employees' computer network information, and improve the use technology of employees' computer network. It is also needful to use the information system to integrate various business data, connect the financial data with business links, use the capital flow to reflect the business flow in real time, track relevant business activities, and ensure the process control and management of business operations.

4.4.2 Increase the company's information communication channels.

Diversification of information communication methods and communication channels will improve the level of internal control management. S logistics company shall establish a regular meeting

system for employees, find out problems in a timely manner through employees' opinions and take countermeasures. In addition to formal regular meetings, S logistics company can also hold informal meetings regularly or irregularly for exchange and communication. In particular, various departments can understand each other's business and activities, be clear about their responsibilities, and enhance the sense of responsibility of employees. In terms of operation, S logistics company can establish a company brand community to obtain customer information in time. In the community, the company's employees can exchange and discuss the latest trends, advantages and disadvantages of the company's products with users. Users of this platform can publish their own feelings about the products of S logistics company after use, and can put forward their desired products. Relevant personnel of S logistics company will collect and summarize user suggestions, and then discuss their feasibility.

4.5 Improve the Internal Supervision Mechanism

S logistics company cannot develop without internal supervision. A strict supervision mechanism can help the company find problems and correct them in time. A clear responsibility system can enable employees to keep their work rigorous and put an end to some bad behaviors.

4.5.1 Establish and improve the supervision mechanism.

Scientific and reasonable supervision mechanism is an important guarantee to ensure that companies have the ability of sustainable development. S logistics company shall, in combination with its own situation, strengthen the construction of the company's internal supervision mechanism, and clearly divide the work responsibilities of the company's audit institution and the supervision team. The company may set up special supervision posts for special supervision according to the business characteristics of each department. Special supervision is mainly used to supervise key nodes such as fund activities, human resources and policy adjustment. A special supervision team is set up to carry out the supervision work. It can also be implemented through mutual supervision between superiors and subordinates and between employees. The supervision team can collect and find problems in internal control by talking and establishing anonymous complaint channels.

4.5.2 Enhance employees' sense of responsibility.

While implementing internal supervision, attention should be paid to the participation of all employees. Every employee is the subject of supervision and the supervised. Only when employees has clear rights and responsibilities and a strong sense of responsibility, can they strictly implement the company's rules and regulations. The management of S logistics company and the heads of its subordinate organizations should set an example. The power of demonstration is infinite, and drive the employees' sense of responsibility.

5. Conclusion

With the continuous development of society, the establishment of a perfect and scientific enterprise internal control system has become the key to whether companies can make profits and how to become bigger and stronger. Internal control is not only an important way to improve enterprise operation and management, but also the key to enhance a company's market competitiveness. S logistics company shall, in combination with the status of the industrial chain and the needs of internal management, formulate a scientific and reasonable internal control system that is suitable for its own development stage, and improve its internal environment, risk assessment, control activities, information and communication, internal supervision, etc., so as to ensure the realization of the future strategic objectives of s logistics company and the long-term sustainable development of the company.

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