

On The Impact of Financial Sharing Mode on Enterprise Internal Control -- Taking S Company as An Example

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Abstract: With the advent of today's intelligent era, financial sharing mode, as a new financial management mode, has attracted more and more attention and use. Many enterprises have established financial sharing centers in order to improve economic benefits, improve financial management level and realize cost advantage. Under the general trend of globalization, Chinese enterprises have to face the opportunities and challenges of financial shared services. Especially for the internal control of enterprises, the impact of this model has two sides. It can not only integrate the managed resources to achieve the effect of internal control, but also bring many problems, which hinders the improvement of the quality of internal control in some aspects. Therefore, by selecting representative case enterprises and referring to relevant literature, this paper finds the impact of Financial Shared Services on enterprise internal control, and tries to provide reference for the internal control adjustment of Chinese enterprises under Financial Shared Services in the future.

1. Introduction

Financial sharing mode is a brand-new mode in the financial management mode of contemporary enterprises. Its essence is the reform and innovation of operation and management mode promoted by information network technology. It relies on advanced information technology as support, and its operation mechanism is also very large-scale. The service center integrates and manages financial information with the help of database, it requires enterprises to have perfect information system and strong information personnel reserve.

The Ford company of the United States established the world's first sharing center in the 1980s. In 2005, ZTE established China's first financial sharing service center. Over the past decade, the financial sharing model has gradually developed in China. In 2014, the Ministry of Finance clearly encouraged the establishment of Financial Sharing Center to better assist in financial management. The first mock exam has been completed in dozens of city centers since early 2015. Especially before 2021, more than 1000 service centers were distributed in various industries in the country. This shows that Chinese enterprises are paying more and more attention to the application of this model, and more and more attention is paid to the effectiveness of financial information and the efficiency of financial management. The more than 1000 centers of service are also being distributed in various industries.

As a very important link in the enterprise internal management system, internal control is closely related to it under the financial sharing mode. With the intensification of market competition, all kinds of enterprises are constantly impacted. Although many enterprises in China have relatively perfect internal control system and risk identification mechanism, there are great differences in the effect of internal control and the effectiveness of risk prevention under the old and new modes. The new mode of financial sharing is both an opportunity and a challenge for internal control.

2. Financial Sharing Mode and its characteristics

For enterprise groups, in short, financial sharing service is to establish an independent organization, namely, Financial Sharing Service Center, to separate the financial work carried out by each of the group from its subsidiaries and branches and concentrate it all in the sharing center, so as to seek the

purpose of reducing the overall operating cost of the group, strengthening risk control, standardizing business processes and improving operating efficiency.

The typical organizational structure of Financial Shared Service Center generally has two parts: the team providing professional process financial services uses the reimbursement system, cloud accounting system, tax system and other platforms to carry out accounting, fund settlement, statement preparation, data analysis, account verification and other work; The operation support team that provides services for the business of the sharing center carries out internal audit, performance analysis, service support, operation optimization, system management, comprehensive support, etc. In short, the sharing center provides centralized accounting and fund accounting, data sharing services and data analysis services for enterprise groups, as well as management consulting services, decision support services, business travel management services, treasurer management services, etc.

Relying on information technology and financial process reengineering, the financial sharing model integrates a large number of repeated and decentralized businesses, with obvious scale advantages. The biggest feature of this financial management model is standardization, standardization and informatization. At the same time, due to the establishment of new institutions and the reconstruction of business processes and financial processes, the personnel will change accordingly, which is bound to affect the institutional arrangement and effectiveness of the original internal control of the enterprise.

3. Analysis of the impact of Financial Shared Services on enterprise internal control -- Taking S company as an example

3.1 Case overview of S company

S company has dozens of industrial parks and overseas trading companies worldwide, with more than 70000 employees worldwide. The company adheres to the spirit of innovation and entrepreneurship. Its main business is to manufacture and sell household appliances. It has formed the competitiveness of combining R & D, production and sales at home and abroad. Since entering the 21st century, s company has been developing and its business field has been growing. At the same time, it has also brought new problems to the financial aspect and low efficiency of financial management.

Therefore, s company decided to carry out reform and resolutely implement the financial sharing mode, which also brought the improvement of work efficiency and realized the transformation and upgrading of financial work.

The financial sharing service uses the highly centralized financial processing mode to solve the financial processing problems of branches and subsidiaries to a certain extent, and plays a role in strengthening internal control. On the other hand, the high dependence on information technology also leads to the new risks of financial shared services to internal control.

3.2 Positive effect of Financial Sharing on internal control

Internal control plays an important role in stabilizing the order of daily business activities, monitoring the operation status of enterprises, and allocating resources reasonably.

Under the traditional mode, financial accountants need to face old methods, paper vouchers and statements, which are inefficient. Financial information is not easy to be quickly transmitted to the management, which will affect the efficiency of decision-making. Under the current financial sharing mode, financial data can be collected and processed centrally, and the process of financial management is more efficient and time-saving, The allocation of financial resources is becoming more and more reasonable, which also improves the efficiency of internal control and is conducive to identifying and preventing risks.

On the other hand, the Financial Shared Service Center will obtain cost advantages. Because the shared service center has priority and efficiency in information acquisition and processing, it can help the management to integrate resources effectively, optimize the management structure, and provide great help for the internal governance of the enterprise.

3.3 Challenges of Financial Sharing to internal control

For s company, the financial sharing mode improves the efficiency of financial management and optimizes the structure of corporate governance to a certain extent, but it will also bring many problems in internal control.

Firstly, the financial business is gradually separated. Under the financial sharing service mode, due to the centralized and large-scale processing of financial data, the financial personnel have less understood of other financial processes. When the financial personnel encounter something special in their work, they cannot respond to their work in time. Correspondingly, under the previous financial mode, most of the financial personnel are proficient in business and finance, The loopholes in the work can be found in time. Therefore, the implementation of financial sharing may increase the risk of internal control.

Secondly, financial accounting risks are prone to occur. Under the new mode, the financial work and business work processes of S company have been reset, and the financial personnel are no longer familiar with the new work process, which undoubtedly poses potential risks to the financial work. The staff need a period of time to adapt to the new financial mode and are more prone to make mistakes in accounting. Therefore, Enterprises are faced with how to solve the problem of financial work errors under the new model. In addition, s company's risk response is only using the traditional strategy of "first discovery, then response", which lacks the initiative of risk response and risk early warning mechanism. During the implementation of financial sharing service, it does not take measures to deal with the potential risks in the whole financial chain, but only teaches financial personnel how to avoid risks, However, there is a lack of documents to guide the financial personnel how to deal with new risks.

Thirdly, the informatization of financial work is too high. As we all know, the new model of Financial Sharing highly relies on information technology. Although this can make financial management more efficient and convenient and reduce costs, excessive informatization may have a negative impact on financial work, because from the perspective of risk management, the high concentration of information will increase the risk of information protection, It is not convenient for the protection of information security, and puts forward higher requirements for internal control and risk mechanism.

Fourthly, human resources policies need to be improved, and personnel mobility leads to increased risks. In the mode of financial sharing, if enterprises want to make their work more standardized and orderly, they need to make strict requirements for each work link, so as to promote the large-scale development of enterprises and control the cost of enterprises. However, some enterprises have not carried out more reasonable norms in terms of human resources policies, which makes the financial sharing mode lose certain effects when applied. At present, the internal working methods of many enterprises are too mechanized and do not provide certain development space for employees, resulting in the continuous loss of staff in Financial Sharing Service institutions. For example, an employee of S company has been engaged in inventory accounting for five years. Most of his contacts are inventory accounting business, but he doesn't know other accounting business. This makes it difficult for the staff to effectively improve their professional knowledge and skills, and their development space is limited, which also makes it difficult for them to be competent for high-level work. Moreover, long-term employment of staff in a post will form experience inertia and cannot adapt to the new rules. The above situation greatly increases the risk of daily operation and affects the effect of internal control under the financial sharing mode.

Fifthly, the security of financial information is low. Under the financial sharing mode, the financial data of enterprises need to be uniformly used and managed by the Financial Sharing Center. In this way, the efficiency of financial work will be greatly improved. However, at the same time, the increasingly fierce competition in the same industry makes the security of financial data subject to great challenges, such as hacker intrusion, theft or destruction of financial information, it has a negative impact on the sound development of enterprises, and the development of enterprises has entered a risk vortex.

4. Suggestions on internal control under the new mode of Financial Sharing

4.1 Improve management level and strengthen process standardization

The development of financial sharing mode is relatively late, many regulations and processes have defects, and the work under financial sharing mode is lack of effect to a certain extent.

“Without rules, there is no place”. Therefore, in order to make financial sharing play a better role in financial work, we must strengthen management, strictly standardize accounting workflow, rectify the working methods and processes of business and finance, carry out strict risk prediction and management for any activity in business and finance, and make each work node transparent Format management. S Company re studies and explores its original process, summarizes and analyzes it, finds out its potential problems, makes specific analysis on it, and makes corresponding optimization plans. Take its expense reimbursement mode as an example. When the Company re studies and explores the financial process, it is found that there are still problems in the expense reimbursement mode, so the expense reimbursement process is improved. In the new process, employees log in to the platform, fill in the reimbursement application form online and upload the scanned copy to the Financial Sharing Center. The electronic reimbursement system will automatically review the information in the application form, Complete business review.

In addition, establish and improve the management mechanism of financial work, innovate the new management mode under the financial sharing mode, keep pace with the times, and improve the problem that the old management mode is not applicable to the new mode; Since the Financial Sharing Service Center has been established, all enterprises should optimize the internal management system and strictly and reasonably standardize the setting of organizational structure, the rationality of internal management and the working methods of employees.

4.2 Establishment of information technology platform

The Financial Sharing Service Center is built on the basis of information technology. Therefore, in order to make the new mode of Financial Sharing better help enterprises achieve their goals, we should establish and improve the information technology platform.

S company should link the reconstruction of business process with the depth of informatization, so as to make the function of information system comprehensive and integrated with business process. The developed complete information system shall be put into use after reasonable evaluation. And cooperate with the functions of the Financial Sharing Center to optimize the internal management system of the enterprise, which is realized by means of information means and sharing the data of the center in terms of supervision and management, audit and supervision. Set up internal audit and supervision posts including multi-disciplinary talents, give property supervisors the authority of supervision and management in the information system, timely find and track the problems in each link to individuals, report and take measures to solve them. In the process of internal supervision, we should also rely on information technology to detect the internal control process, eliminate redundancy and make up for defects, so as to provide guarantee for effective internal control.

At the same time, when building the information platform, enterprises should also pay attention to the protection of information security, establish a firewall, encrypt the information safely, and better carry out the network information security work.

4.3 Strengthen management training for staff

Financial work is human work after all, and financial personnel are also users of financial sharing mode. The financial sharing mode has greatly innovated the working mode and quality of enterprise financial personnel, and also provided advanced ideas for financial management. Therefore, in order to make the financial work more efficient and orderly, we should strengthen the training of employees, improve the working ability of financial personnel, and make better use of the new mode of Financial Sharing for financial management, so as to ensure the better implementation of financial work, meet the requirements of the new era, establish and improve the reward mechanism and stimulate the enthusiasm of employees.

4.4 Establish risk early warning and evaluation mechanism

In order to improve the effect of internal control under the new financial sharing mode, we should strengthen risk control. Specifically, we should use advanced information technology to establish a scientific risk assessment model and set interval early warning values for different risks. If the enterprise risk exceeds the warning value, the system will automatically alarm. At present, the company is planning to use information technology for the construction of risk assessment system. After completion, a company can carry out internal control in an orderly manner, and can also use the risk assessment system to detect the risks existing in the enterprise, so as to improve the risk prevention ability of the enterprise.

In addition, we can shift the focus of enterprise risk management to the financial sharing mode, establish a risk processing mechanism matching with the Financial Sharing Center, make full use of the financial sharing platform to manage various data and work, and carry out risk prevention, identification and management point-to-point and face-to-face.

5. Conclusion

Under the background of today's highly information age, the development of various enterprises in China has entered a new stage. New financial sharing models have been used one after another, and financial sharing service centers have been generally established. This phenomenon is both an opportunity and a challenge for the development of enterprises. We should make good use of the positive side of financial sharing model, improve work efficiency, reduce costs to optimize the allocation, we should have the courage to overcome the bad aspects brought by the new model, improve the enterprise management level, establish and improve the information technology platform. In general, the optimal design of the internal control of the financial sharing model can provide favorable support for the benign development of the enterprise's financial work.

Therefore, it is very important to pay more attention to the construction of Financial Sharing Mode and formulate the adjustment strategy of internal control in combination with the actual needs of the innovation and development of enterprise financial work. While using the financial sharing mode, enterprises can well implement the internal control scheme and improve the business process, which can promote the sustainable and healthy development of enterprises.

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