

# **Analysis on Internal Control Risk Research and Prevention Management of Centralized Accounting in Units**

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**Abstract:** With the introduction of internal control standards, many units have adopted centralized accounting methods to carry out financial control and set up accounting centers. The establishment of the accounting center has played a good role in the timeliness of enterprise accounting and strengthening supervision. However, in the process of centralized accounting, there are still some problems that need to be improved, and risk prevention and control must be carried out by means of internal control. This paper first elaborates the concept and characteristics of centralized accounting, then analyzes the risks of centralized accounting in units, and finally puts forward corresponding pre-control measures for risks.

## **1. Introduction**

Centralized accounting in units can promote the work efficiency of accountants and prevent payment risks. However, in the process of centralized accounting, there are also problems such as shortage of accounting personnel, unclear accounting legal subjects, and disconnection between finance and assets. If these problems are not effectively prevented and controlled, they may bring legal risks and economic losses to the units. This article will start with the analysis of the concept of centralized accounting in units, and briefly explain the effective measures to prevent and control risks.

## **2. The concept and characteristics of centralized Accounting**

Centralized accounting refers to an integrated financial management office mode that cancels multiple accounts under the premise that the enterprise's right to use and ownership of funds are not changed, and centralizes in the enterprise's accounting center for settlement, file management, accounting and other businesses. Centralized accounting has its own characteristics, including the form of principal-agent business, mandatory agency, independence of accountants and independent functions.

When the accounting of a unit is centralized, it is also necessary to cancel the accounting posts and related organizations of the same level unit and centralize all the work and data related to the accounting affairs of the unit in the accounting center. The accounting center is responsible for the accounting and supervision of the units, and also includes the supervision, trial and accounting of the financial affairs of other units within its jurisdiction. In order to ensure the professionalism and effectiveness of accounting, each unit should arrange a specific reimbursement agent to regularly submit reimbursement vouchers, payment materials and other related information to the accounting center, providing basic support for the accounting and supervision work of the accounting center [1], and providing financial interface services for the settlement and reimbursement of budget units.

## **3. Internal Control risk of centralized Accounting in Unit Accounting**

### **3.1 The number of accountants is insufficient and there is a risk that supervision is not in place.**

The accounting center is constrained by the limited staffing of the unit, and the number of accountants is not sufficient, especially when the financial workload is concentrated together, the workload increases but the accounting staff is insufficient, which is prone to the problems of tight

work and heavy personnel load. Sometimes an accountant has to be responsible for the financial accounting of several budget units, and the shortage of accountants will lead to a heavy workload of personnel, making it difficult to ensure the quality of work during accounting. Moreover, due to the influence of space distance, accountants cannot accurately grasp the real financial situation of the budget unit, and can only check with the expense vouchers submitted by the reimbursement staff of the corresponding unit. There are very limited means to verify the authenticity of expenditure vouchers, and accountants do not have enough energy to check the authenticity of expenditure vouchers. Due to the shortage of accountants, the role they can play is limited, so it is difficult to effectively check whether the financial information submitted by budget units is true and objective, and it is also impossible to distinguish and judge through sufficient understanding of the actual situation of relevant units [2]. This kind of situation is very passive to the accounting audit work, and cannot effectively play the supervisory role, which causes the accounting work to have the supervision not to be in place.

### **3.2 The subject responsibility is not clear**

In order to clarify financial responsibilities and standardize financial management, the Accounting Law requires that units with independent legal persons must be equipped with financial personnel and set up independent accounting institutions, requiring independent accounting of their economic activities. However, the centralized accounting method runs counter to this act, making budget units lose their independent financial accounting function, and at the same time they can prevaricate when there are financial problems. Therefore, budget units lose the audit authority of financial work. Although on the surface, it is more standard and efficient to use the accounting center to manage the financial accounting of several units as a whole, once illegal acts occur, the responsibility will be unclear. For example, a budget unit that interfaces with the accounting center has financial irregularities. However, since the accounting center has not promptly investigated and dealt with the irregularities, the unit can shift the responsibility to the accounting center because the accounting center is responsible for financial auditing. And the financial center is bound to make a rebuttal. Once there is a problem, it is difficult to draw a clear line between the responsibility of the problem in the accounting center and the budget unit. However, if the budget unit is responsible for its own financial accounting independently, there will be no problem of unclear main responsibility due to multi-party participation in accounting, but this is inconsistent with the requirements of centralized accounting [3].

### **3.3 Procurement supervision lags behind**

Reimbursement settlement for budget companies must go through the accounting center. However, the accounting center cannot control the purchasing behavior of budget companies. For various reasons, budget companies often do not purchase according to the process, increase purchasing materials by themselves, and purchase without budget. These violations of the budget unit will impact the authority of the accounting center, and at the same time show that the accounting center cannot really play a role in the supervision and control of the purchasing behavior of the budget unit.

### **3.4 There are risks in the authority of accountants**

The number of accountants in the accounting center is limited, and one person is often responsible for the financial audit of multiple budget units, so the system operation authority of accountants is relatively large. However, due to frequent changes in personnel positions, there is no guarantee that an accountant will be responsible for the business of several budget units for a long time [4]. Once the position of personnel changes, but the system operation authority is not changed in time or the actual reviewer of U shield is inconsistent with the holder, it is easy to affect the normal accounting work. Another aspect of authority risk is also reflected in the management of POS machines. The repayment of POS machine requires the simultaneous use of personal card and unit card, of which unit card has greater authority and can not only pay for the public but also pay for the consumption of personal credit card. The application name of the unit card is registered with personal

information, and the process of reconciliation and payment is the same as that of the personal credit card. No specific custody or higher authorization is required. Therefore, the unit card of POS card is at risk of being used, which is easy to be used by individuals for private purposes and confused with the functions of personal credit cards. In this way, the custody and use of unit cards must be strictly controlled and supervision strengthened, otherwise serious economic problems are likely to occur.

#### **4. Pre-control Measures for Internal Control Risks of Centralized Accounting in Units**

##### **4.1 Increased communication with intergovernmental procurement matters**

In order to prevent budget units from violating procurement regulations, it is necessary to strengthen communication and supervision mechanisms so that budget units can understand the procurement contents and procedures and reduce procurement problems. The government department responsible for procurement can be arranged to train relevant units, especially centralized accounting accountants and budget units. Make the financial personnel of the accounting center and budget unit understand the scope and requirements of procurement, and reduce the errors caused by not being familiar with the specifications. A communication mechanism can be set up in advance. The financial counterpart of the budget unit can communicate with the accountant of the accounting center in advance before purchasing, clarify the purchasing form and check the relevant budget. Reduce the risk of non-compliance in procurement through careful treatment [5].

##### **4.2 Carry out risk prevention awareness training for accounting personnel of the accounting center**

Accounting personnel of the accounting center are responsible for checking the financial situation of each budget unit and have access to relevant payment vouchers and financial information. Units must raise the awareness of risk prevention among accounting personnel, so that accounting personnel can carefully check the settlement vouchers submitted by budget units, handle doubtful bills impartially, and examine the authenticity of bills through modern anti-counterfeiting methods. For the existence of fraud and false behavior, once found, immediately report to the person in charge of the accounting center, the unit should make corresponding treatment according to national laws and regulations. Units should pay attention to the quality training of accounting personnel, so that accounting personnel can realize their own responsibilities, and be truly responsible for the safety of unit funds and the financial situation of the unit. We must raise the ideological awareness of accountants, who should have excellent professional skills and good professional ethics, be impartial, objective and meticulous [6].

##### **4.3 Strengthen the management of the authority of accounting personnel, equipment and systems**

The authority for accounting personnel to change positions should be adjusted in a timely manner. The company can contact the office software developer and set up a system administrator account number in the company. The system administrator can adjust the position of the accounting personnel, shut down and open the relevant authority, which is convenient to restrict the authority of the accounting personnel's system account number. At the same time, it can also add system-related functions to improve the financial system. For example, it can be set up in the system. The same accountant cannot have the dual authority of entry and review for the same payment business. The division of authority should be optimized in system design to make the financial system logical and reduce risks for centralized accounting of the unit. In order to effectively control the equipment, the U-shield in the unit should also be checked regularly to confirm the use and registered name of the U-shield. The U-shield under the name of the person who has left or transferred to another post shall be cancelled and changed in time to make the financial work more rigorous. In order to strengthen the monitoring of the use of U-shield, registration forms for safekeeping and use should also be set up, and detailed registration should be carried out for both the time of use and the users, so that there is evidence to follow [7].

#### **4.4 Replace POS payment with other means of payment**

POS machines must use unit cards and personal cards for payment, which is prone to economic risks for the storage and use of cards. With more and more quick payment methods, online banking payment and other quick payment methods can be used instead of POS machine payment. Online banking payment has the advantages of high efficiency and quickness, has transaction records to follow, can effectively avoid the payment risks generated by POS machine payment, and is very suitable for external payment.

#### **4.5 Perfect the legal system**

At present, the centralized accounting mode implemented in the unit runs counter to some relevant laws and regulations of the Accounting Law. In order to better promote the legitimacy and authority of the centralized accounting mode, relevant laws and regulations should be improved as soon as possible. The financial department should affirm the legality of centralized accounting, revise it on the basis of existing laws and regulations, and issue legal documents to determine the status of centralized accounting. By improving the legal system, we can clearly divide the relevant process issues and authority issues encountered in centralized accounting to reduce the risks in the process of centralized accounting. With the continuous changes in the economic environment in recent years, the traditional financial decentralized office mode has been difficult to meet the financial management requirements of the unit. Only through legal perfection can centralized accounting strengthen legal effect, and in the accounting process, there are laws to follow and evidence to follow, which can give full play to the supervisory function and effectively regulate the accounting behavior in the enterprise [8].

### **5. Concluding remarks**

The centralized accounting mode meets the needs of enterprise financial management and has positive significance for improving the work efficiency of the financial department, enhancing the supervision effectiveness of the financial department and preventing payment risks. However, because the accounting center and the budget unit do not work together, it is difficult to play an effective role in supervision. In addition, the legal system needs to be improved, the management system of the financial department needs to be improved and so on, the current accounting centralized accounting model has certain risks. units should strengthen internal control, improve the relevant systems to actively put forward solutions to specific problems and speed up the processing speed, so as to avoid risks and make accounting centralized accounting play a functional role.

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