

Research on Supply Chain Audit Strategy of Industrial Enterprises

Renzao Lin

Fuzhou University of International Studies and Trade
Fuzhou, China 350202

Abstract—Industrial enterprise supply chain auditing can not only help industrial enterprises increase market share, but also enhance the synergetics between enterprise management and supply chain enterprises. This paper analyzes the supply chain audit process, and summarizes the risks existing in the supply chain auditing process. Combined with the characteristics of supply chain management of industrial enterprises, this paper proposes measures to optimize the supply chain audit of industrial enterprises.

Keywords—industrial enterprise; supply chain audit; supply chain management

I. INTRODUCTION

Industrial enterprises are an important part of the global industrial chain. With the increasing pressure of market competition, China's industrial enterprises have also increased their research on the supply chain. In the context of rapid economic globalization, the supply chain has become an important tool for improving the enterprise competitiveness. With the integration of the global economy, the competitive pressure faced by enterprises has also increased. If the company sticks to its old ways, it is hard to win the favor of sellers. The process of a certain commodity from raw materials to production to sales also determines that the company's competition gradually shifts to the supply chain competition. The industrial enterprises can guarantee the ultimate profitability of enterprises only by ensuring the safety and effectiveness of all links in the supply chain.

II. THE NECESSITY OF SUPPLY CHAIN AUDIT OF INDUSTRIAL ENTERPRISES

Through the control of information flow, logistics and capital flow of enterprises, raw materials are purchased, and intermediate products and final products are made. Finally, the sales network sends products to consumers. The suppliers, manufacturers, distributors, retailers and end users are connected into a whole functional network chain structure. This is the supply chain [1]. Supply chain audit is a risk assessment method that evades supply chain risks through scientific and effective methods, and conducts control tests on audited units from the perspective of supply chain. For supply chain auditing and traditional auditing methods, supply chain auditing focuses on the risk management of supply chain.

Supply chain audit focuses on operation audit of supply chain, and conducts cross-enterprise audits. Through auditing the external units, it proposes to improve supply chain management, improve the internal control of enterprises and the operational efficiency of enterprises, improve the coordination and synergetics of upstream and downstream enterprises, and promote the funds, logistics and information flow in the supply chain. Ultimately, it will realize the value added of the enterprise.

III. THE PROBLEMS IN THE SUPPLY CHAIN AUDIT OF INDUSTRIAL ENTERPRISES

A. Supply Chain Audit Technology Is Relatively Backward

According to the results of 2016 China Audit Association survey, 92% of companies don't know how to audit data, and only 7% of companies are using big data for auditing.

With the rapid development of the socialist market economy, the efficiency of various productions and operation of enterprises has also increased, and the most representative of which is computer technology. For supply chain auditing, ERP software is an important tool to improve audit efficiency. According to the research data of industrial enterprises, 57% of industrial enterprises in China have not applied computer systems to auditing. At the same time, due to the limited software development capabilities, supply chain auditing methods of industrial enterprises are more traditional. First, the material procurement database of industrial enterprises is not yet complete, and the process of supply chain audit data requires manual processing. The process of collecting data involves the procurement department, sales department, production department, office and planning and finance department, etc. For many departments, a large amount of data needs human beings to deal with, which is easy to cause inconsistency in repeated entry and caliber processing. It will affect audit results. Second, the supply chain audit uses fewer computers and does not utilize the risk assessment and internal control evaluation system, which fails to achieve automated management. Third, industrial enterprises have limited ability to control new problems. There is no special software to carry out auditing business. In the process of auditing data, there is a situation in which direct inspection is conducted without detecting whether the data is true or not, which affects the authenticity of the audit results.

B. There Are Difficulties in Obtaining Evidence for Supply Chain Audit

In the process of analyzing supply chain audit of industrial enterprise, we can find that most industrial enterprises have not yet set up full-time personnel to audit information. It is more difficult for the supply chain to obtain data, which in turn leads to biased audit objects. For example, when auditors are unable to obtain control environment data, it is easy to overlook the analysis of the control environment, which leads to biased audit results.

C. Supply Chain Auditors Have Limited Professional Capabilities

Before the industrial enterprise conducts the supply chain audit, the audit department does not correctly evaluate the professionalism of the auditors. The auditing process requires the auditors to have sufficient management knowledge, computer knowledge, auditing, accounting and marketing knowledge, etc. It puts forward higher requirements for the auditors. And then, it can ensure the audit quality. Most industrial enterprises in China focus on supply chain auditing in terms of fund management. In this traditional mode, auditors rarely analyze the environment and potential risks. They just rely on traditional audit methods to carry out audit work, lacking the comparative analysis from the perspective of horizontal and vertical views. The comprehensive analytical capabilities of auditors need to be improved. Secondly, in the audit process, the auditors find the problems, and generally check these problems according to the rules and regulations of the enterprise. They rarely analyze and summarize the causes, lacking certain innovative spirit. They often make the summary according to experience. And they can rarely find some regular things. The audit quality of developed countries is higher than that of Chinese enterprises. One of the reasons is that the internal auditors of developed countries have stronger sense of innovation and stronger sense of responsibility, which can ensure the smooth development of internal audit work.

D. The Supply Chain Audit Has a Wide Scope, and the Auditing Tools Are Flawed

Supply chain audit refers to an audit conducted by enterprises in the supply chain. The audit scope is broader than that of a single company, including strategic audit, process audit, product quality audit, fraud audit, performance audit, risk audit, system audit and other as regular audits. It also includes the cooperation of funds, information, and logistics links among enterprises on the chain. However, the internal audit of many enterprises in China currently uses traditional means, and the audit plan is aimed at independent enterprises. The audit division is not clear. It cannot adapt to the audit of the supply chain. Supply chain audit is in its infancy in China, and there is not much experience to draw on. Cross-enterprise audit is costly and requires a high level of audit skills.

The existing supply chain audit system of industrial enterprises in China is based on the company system. However, due to the different business objectives and business operations, the supply chain auditing standards are

deviated from the actual situation of the enterprises. Even if the two organizational systems adopt similar development strategy, due to the objective conditions of the industry background and geographical location, it is difficult to unify the supply chain auditing standards. And there are deviations between the supply chain auditing standards and the actual situation of the enterprise.

IV. THE SOLUTION STRATEGY OF SUPPLY CHAIN AUDIT OF INDUSTRIAL ENTERPRISE

The focus of supply chain audit is on the entire supply chain. Therefore, supply chain audit is not limited to a certain link or a department. The object of supply chain audit is the whole process of supply chain operation [2]. For the supply chain audit, ensuring the audit goal is the ultimate goal. Therefore, the supply chain audit not only needs to confirm the supply chain procedures, but also needs to review the industry background, business objectives, corporate governance, etc. of the supply chain. Among them, the risks are avoided and solutions are proposed.

A. Using Internet Technology to Conduct Audit

With the rapid development of the "Internet +" model, for industrial enterprises, the rapid development of Internet technology has led to a significant increase in the level of application of financial information in industrial enterprises, and has enhanced the efficiency of accounting. More and more industrial enterprises will apply the Internet technology to supply chain auditing.

Traditional audit methods are unable to adapt to the development of contemporary audit work. The advanced audit techniques must be introduced. For example, an information platform can be built to strengthen information communication with upstream and downstream enterprises, share resources, and diversify risks. Finally, it will achieve the win-win. It should make full use of Internet technology, use network audit to implement dynamic supervision of each risk point of the enterprises in the supply chain, and improve the professionalism of auditing. At the same time, it should strengthen the maintenance of supply chain data to ensure the authenticity and integrity of the supply chain enterprise data. The information systems adopted by enterprises in the supply chain need to maintain relevant stability and consistency in various data formats to ensure the effective implementation of information auditing.

B. Supply-chain Enterprises Cooperate with Obtaining Evidence of Audit Work

Supply chain auditing is an audit of upstream and downstream enterprises, rather than pure internal auditing. It is necessary to obtain the data of the enterprises in the chain. It is essential to obtain the cooperation of the supply-chain enterprises. It requires the authority of information system of the upstream supply-chain enterprises and the opening of its production office space. The relevant personnel of the upstream enterprises should also coordinate with the audit work. The auditors also must do consultation work in the audit process. Audit forensics should be one of the indicators

for supplier evaluation, and it is also one of the conditions for selecting suppliers.

C. Improving the Overall Quality of Supply-chain Auditors

First of all, business managers should strengthen the attention to auditors' professional ethics issues and continuously improve the professional ethics of auditing personnel. Secondly, auditors must pay attention to the improvement of self-ability, need to master advanced professional judgment ability, continuously accumulate audit experience, strengthen their own quality, combine the practice to update knowledge, and improve correct audit professional judgment. It is helpful for the long-term development of the profession.

At the same time, auditors should pay attention to the accumulation of experience in practice, pay attention to the analysis of relevant data in the audit process, analyze and summarize relevant information from various aspects, and constantly exercise their dialectical thinking ability in practice. Then, they can correctly handle the problems and strive for the comprehensiveness. In practice, the auditors must continue to enrich their experience, pay attention to the improvement of professional knowledge ability, focus on the accumulation process of qualitative change, and constantly strengthen the practice. According to the industrial characteristics of supply-chain enterprises, as well as their different cultural heritage and connotation, the auditors need to specifically analyze the problem in detail. Through their own professional judgment, they can ensure the quality of the audit.

D. Establishing Risk-oriented Audit

Risk-oriented auditing refers to the accountant's assessment of the risk control of the audited entity and determining the residual risk, while reducing the residual risk to an acceptable level for the audited entity. For supply chain auditing of industrial enterprise, risk-oriented auditing pay attention to the weak links of the supply chain. The audit of the company should focus on the control of key risks, and improve the efficiency of supply-chain audit [3].

First, it is necessary to deepen the awareness of risk prevention of supply chain auditors. For the validation process, supply chain auditors need to identify supply chain risks, such as the operation of the supply chain, operational efficiency, including the control effects of key links in the supply chain, and subsequent remedies. Secondly, the supply chain auditor can sort the risks of the supply chain and communicate with the enterprise managers to determine the acceptable level of risk, and use the auditing methods such as analysis and observation to confirm the acceptable level of risk. Finally, auditors conduct monitoring activities on supply chain risks. Auditors can assess the effectiveness of risks, strengthen the control over key risk points, and compare indicators with quantitative comparability, that is, the key aspects of the operation of the supply-chain enterprise are compared with those of the same industry. Thereby, it will improve the audit quality of the supply chain enterprises [4].

According to the principle of cost-effectiveness, the audit scope of supply chain auditing should not be too large. Audit should be carried out for key links based on the business focus of the core enterprise. Finally, supply chain performance evaluation should be the core part. The auditors should meet the needs of enterprise strategic development and achieve enterprise value added. The auditors should pay attention to the 3E principle of the enterprise, and seek to improve the efficiency of each business link in the supply chain.

The supply chain audit content of industrial enterprise is mainly reflected in capital, information and logistics. The three are indispensable. Only through reliable information and data can industrial enterprises ensure the smooth development of logistics, and then form the capital flow. Finally, the profits of industrial enterprises will achieve. If the information flow of industrial enterprises is wrong, it will inevitably lead to data distortion of logistics and capital flow, which in turn affects the cash flow of industrial enterprises. By strengthening the audit of the supply chain, optimizing the planning, coordination, operation, and control processes of the supply chain system, and ensuring the company's low-cost, the quality and quantity assured products will be sent to the consumers in time [5].

V. CONCLUSION

The application of supply chain auditing in enterprises has gradually improved, and the supply chain auditing system needs to be further improved. Due to the complexity of supply chain auditing and the difficulty of auditing, the development of future supply chain audits of Chinese enterprises should not be limited to auditors. It also requires cooperation among various departments of the enterprise. There are many departments involved in supply chain auditing. It is also necessary to establish professional staff reserve.

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