

# A Brief Analysis of the Problems and Countermeasures in the Process of Enterprise Internal Audit

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## Abstract

**In the new situation of enterprise development in China, internal audit, as an important means of enterprise self-supervision, can effectively strengthen enterprise management. Therefore, the status of internal audit is increasingly prominent in modern enterprises. In recent years, with the continuous development of market economy, the internal audit is more and more brought to the attention of the management, many enterprises have set up internal audit institutions, but after investigation, the current enterprise internal audit still many deficiencies, in internal audit institutions of enterprises has been established, can really play to the functions of internal audit of enterprise few and far between. Therefore, according to the current situation of enterprise internal audit, this paper summarizes the problems existing in enterprise internal audit, and according to the existing problems, put forward the corresponding countermeasures. This provides reference for enterprises to strengthen internal audit work, so as to help enterprises prevent risks and promote sustainable development.**

## Keywords

**Study on internal; audit management; Risk countermeasures.**

## 1. Introduction

The so-called internal audit is an independent and objective evaluation of the daily management activities of an enterprise. In the modern enterprise management system, the role of internal audit is further expanded. It not only helps enterprises to conduct self-examination and reflection, but also helps enterprises to solve the potential risks in business activities, so as to improve the operation efficiency of enterprises, promote the development of enterprises, and lay a solid foundation for enhancing the profitability of enterprises. In recent years, with the rapid development and improvement of China's market economy, many enterprises have been actively promoting the implementation of internal audit work, and the establishment of internal audit system, in order to provide power for the long-term development of enterprises. But overall, in has in the implementation of the internal audit system of enterprise, can really give full play to the role of internal audit of enterprises are still in the minority, most enterprises is still in the following trends in enterprise management, imitation of other enterprises to carry out internal audit stage, leading to our country enterprise internal audit system is imperfect, lack of independence, internal audit personnel scarce, this also directly affects the value of internal audit of the play, make it become a mere formality. Not to mention, many enterprises in China have not realized the importance of internal audit and have not yet established relevant control systems. Therefore, under the current situation of enterprise internal audit, it is of great significance to study the problems existing in China's internal audit and give corresponding countermeasures for improving China's internal audit system.

## **2. Problems Existing in Enterprise Internal Audit**

### **2.1. Internal Audit Is Difficult to Break Through the Traditional Positioning**

The main task of traditional internal audit is to find out the problems in the operation process of enterprises in a timely manner and put forward countermeasures to correct the mistakes according to the market situation. That is to say, traditional internal audit is usually fixed on "error checking and adjustment" to avoid unnecessary losses of enterprises. However, with the continuous development of social economy, many enterprises begin to explore the new value of internal audit work, such as: internal audit evaluation of enterprise internal control level, prompt enterprise management process of potential risks, and so on. But there are still a large part of the enterprise, and not according to the development of The Times, the innovation of the concept of internal audit and work content, still in accordance with the original concept and work process of the internal audit activity, regardless of the enterprise in the face of the new economic environment should expand enterprise internal audit new value and makes the enterprise internal between different departments to produce certain difference on internal audit concept, leading to the enterprise internal audit work has been stagnant.

### **2.2. The Independence of Internal Audit Is Difficult to Guarantee**

In the increasingly competitive market environment, some business leaders pay more attention to the for-profit work and often neglect the non-profit work. Internal audit belongs to the daily management work of enterprises, which cannot bring economic benefits to enterprises directly. As a result, internal audit is often not paid enough attention to. Under such a working background, the establishment of internal audit institutions of enterprises is often not perfect, and the management level of audit departments is low, leading to its great influence by all parties, thus affecting its work independence. For example, the audit effect of internal audit institutions when they are highly dependent on other departments or management is often not as good as the independent audit effect of internal audit institutions. In addition, in some enterprises, the auditing department transfer part-time auditors from other departments, in other words, the auditor to audit work, not only will conduct audit work other than economic business, such as preparation of financial statements, which will seriously affect the enterprise internal audit independence, which cannot give full play to the real function of the internal audit activity.

### **2.3. The Quality and Professional Level of Internal Audit Staff Need to Be Improved**

Internal auditors are the key factors of internal audit, and their professional level also affects the quality of internal audit to a certain extent. Therefore, for the enterprise internal audit institutions, it is very important to have a high-quality, high-level audit team. However, there are still many problems in the quality and professional level of internal auditors. First, the professional structure of internal auditors is not sound. Some enterprises will deploy accountants from their financial departments as internal auditors. However, accountants' rigorous thinking is often different from that of professional auditors. If accountants are asked to carry out audit work, they will lack consideration of production and operation, thus affecting the quality of audit. Secondly, internal auditors lack the consciousness of audit innovation and conduct audit work with their original solidified audit thinking. However, they lack the in-depth thinking of problems and keep themselves out of the enterprise operation and management and lack the awareness of risk management. All these will lead to the internal audit work and the actual situation of the enterprise can not be closely combined, can not keep up with the requirements of the rapid development of The Times, thus restricting the performance of the audit function, the audit effect greatly reduced.

## **2.4. The Enterprise Internal Information System Is Not Perfect**

In the process of enterprise development, a large amount of information will be generated, which is usually expressed in the form of data. The value contained in the information is particularly important for the development of the enterprise. It can be said that valuable information is the unique resource of the enterprise. In addition, as far as informatization is concerned, it has already realized the transition from information to resources. In the era of big data, enterprises should establish perfect information systems to ensure the authenticity and timeliness of enterprise data. In addition to the routine verification of financial data, internal audit should also pay more attention to enterprise information system, study the objectivity and authenticity of information itself, mine the potential value of data, and provide strong support for the full play of internal audit function. However, some enterprises do not have perfect information systems, leading to the timely preservation and transmission of a lot of data, which makes internal auditors unable to make full use of the data relationship when conducting internal audit, thus unable to find the problems existing in the business and reveal the potential risks in the production and operation process.

## **2.5. The Legal and Regulatory System Is Not Sound**

At present, China's enterprise internal control design and operation based on the standard of the basic norms of enterprise internal control, in the formulation process, the Use of the United States "internal control as a whole framework" system and "enterprise risk management framework" system, and take into account the specific situation in China. The specification is the first step in the study of internal control and internal control audit in China. However, the content of this specification is about all the internal control of enterprises, and the relevant provisions in the auditing standards of certified public accountants and the supporting guidelines of internal control are related to the internal control of financial reports, so these three interrelated legal norms actually have the problem of not supporting each other.

## **3. Measures to Solve Problems of Internal Audit of Enterprises**

### **3.1. Expand the Scope of Internal Audit Activity**

Internal audit should be upgraded with the continuous progress of market economy. It is no longer limited to the error detection and leak prevention of traditional audit, but should focus on enterprise risk management. The internal audit work should be combined with the enterprise's development strategic objectives to constantly improve the internal audit system construction, optimize the enterprise management process, so as to provide strong support for the realization of the enterprise's strategic objectives. The enterprise internal audit work vertical extension, do a good job before, during and after the audit, in order to prevent risks, avoid decision-making mistakes. The work of internal audit should be extended horizontally. Internal audit not only includes the audit of enterprise financial income and expenditure, economic benefit and various projects, but also includes management audit, strategic audit and other aspects. Enterprises provide strong support for the sustainable development of enterprises by finding problems in the audit process and proposing Suggestions to promote the improvement of enterprise value.

### **3.2. Strengthen the Independence of Internal Audit**

The internal auditor of an enterprise has independence only, can give full play to its role in improving enterprise governance. First of all, enterprises should attach great importance to internal audit work. On this premise, the actual needs of enterprise development should be combined to ensure the independence of the subordinate relationship of internal audit department. The internal audit department should not be subordinate to the finance department or other departments of the enterprise, but subordinate to the top leaders of the

enterprise, so as to ensure that the results of internal audit can be timely and accurately delivered to the top leaders. Secondly, the internal audit department must be composed of specialized auditors instead of those from other departments. Only in this way can we ensure that the internal auditors will analyze problems from a fair and just perspective in the process of internal audit. In addition, internal auditors cannot directly participate in various production and operation activities of enterprises, but act as an independent third party to inspect and supervise the economic activities of enterprises, discover problems existing in production and operation, analyze problems, and finally make evaluations and put forward reasonable suggestions and countermeasures. In general, only by ensuring the independence of the internal audit department can the smooth progress of the audit work be fundamentally guaranteed and the audit resources be fully utilized to ensure the quality of internal audit.

### **3.3. Develop Professional Auditors**

Today, with the continuous improvement of social division of labor, it is essential to have a high-quality internal audit team in order to improve the level of internal audit business of enterprise groups. First of all, enterprises should establish the admittance standard of internal auditors and recruit enterprises strictly in accordance with the standard. The professional quality and professional level of internal auditors are indispensable, therefore, the standard should clarify the knowledge structure, professional level and professional ethics of internal auditors and other requirements. It is conducive to improving the quality and efficiency of internal audit to reserve internal audit talents, strengthen the professional training of full-time internal audit personnel, gradually withdraw the part-time internal audit personnel, or convert them to full-time staff. Secondly, enterprises can establish a corresponding annual assessment system for internal auditors, so as to constantly motivate internal auditors and improve their professional competence. In addition, with the advent of the era of big data, enterprises can not only constantly improve the traditional internal audit methods, but also use computer technology to find irregularities through big data analysis to improve the internal audit environment.

### **3.4. Improve the Enterprise Information System**

Enterprises should fully realize the unique value contained in the data that can bring economic benefits to enterprises. The establishment of a perfect information system is not only to provide a complete business platform for data preservation, but more importantly to form a complete system database, which provides a solid foundation for enterprise management and business development. For this information system, internal audit institutions should be fully authorized, so that internal auditors can pay more attention to the operation of enterprise information system, and can find abnormalities in enterprise operation and management based on information data, timely find operational risks, and give full play to internal audit functions.

### **3.5. Establish and Improve the Legal Foundation**

China's constitution is constantly improving, and there is no perfect law, that is to say, law is the basis of supervision practice, law is the principle of practice, but law also comes from practice. It needs time to perfect, but the author thinks that our country law in the accounting control work should strengthen control quickly, because there are more and more the phenomenon of tax evasion, embezzlement and other major economic crimes, this has to be more perfect legal supervision system to manage and constrain, if continue to serious social problems, there will be national problems, this particularly thorny problems and difficulties, this kind of problems and difficulties appeared to solve too late, so urgent to perfect the provisions of the constitution of accounting control. At present, our country has sufficient reasons to formulate strict internal accounting and auditing law to establish the independence of internal accounting and auditing status in the legal level. The Institute of Internal Accounting and Auditing shall also formulate and promulgate relevant Standards of Internal Accounting

and Auditing, so as to fundamentally guide and concretize the guidance content, which is more conducive to the work of internal accounting and auditing, and strengthen efforts to promote the professionalism process of internal accounting and auditing.

#### 4. Conclusion

The importance of internal audit in enterprise management has gradually become the common concern of enterprises. To strengthen the internal audit work, we must first ensure the professionalism and rigor of the internal audit team, and enhance the independence, impartiality and authority of internal auditors. On this basis, through the perfect information system to ensure the quality of internal audit, internal audit department to ensure the authenticity of the audit object data. While playing the role of error checking and leak prevention, internal audit should also play its role of risk prevention, so as to promote the sustainable development of enterprises. In addition, from a macro point of view, China's internal audit laws and regulations are still not perfect, the relevant departments should also strengthen the establishment and improvement of internal audit laws and regulations. Enterprises should combine with the development of The Times, innovate internal audit work in a timely manner, further strengthen internal audit work, give play to its risk control function, promote the improvement of the overall management level of enterprises, and realize the steady development of enterprises.

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