

Exploration of Accounting Information Quality Control from the Perspective of Internal Control

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Abstract: With the rapid development of China's securities market, many enterprises are gradually entering the track of standardized governance operation. However, with the acceleration of standardized management in enterprises, defects in internal control and inadequate functions of the board of directors and supervisory board are becoming increasingly apparent. Especially the serious distortion of accounting information in enterprises will seriously affect the effectiveness of corporate governance structure. Starting from the current situation of accounting information quality control in corporate governance in China, the article focuses on the deficiencies in internal control and accounting information quality control of companies, and proposes several suggestions to strengthen and improve accounting information quality control based on internal control of companies.

1. Introduction

With the rapid development of the social economy, China's capital and securities markets are also constantly improving. The importance and necessity of standardized corporate governance are increasingly valued by many companies, and many companies are able to enter the right track of standardized governance. Internal control is an important aspect of corporate governance, which refers to a series of methods, means, and measures taken by the enterprise to achieve their business objectives, protect the safety and integrity of assets, ensure the accuracy and reliability of accounting information, and ensure the economy, efficiency, and effectiveness of business activities. However, some defects and problems in internal control of enterprises are undoubtedly exposed, directly damaging the overall governance structure of the enterprise. And this leads to further problems such as severe distortion of accounting information and poor quality of accounting information. One of the important functions of internal control is to ensure the accuracy, truthfulness, and completeness of accounting information. By analyzing the current situation of accounting information quality control, internal control of enterprises, and the shortcomings of accounting information quality control, the article proposes several suggestions and solutions to these problems, in order to strengthen and improve accounting information quality control based on internal control of enterprises.

2. The Importance of Internal Control in Accounting Information Management

Firstly, internal control is conducive to improving the efficiency of accounting information management. Due to the dynamic feedback effect of internal control systems, they can effectively improve the efficiency of accounting information management. For larger enterprises, the amount of accounting information involved is large, and the supervision and processing tasks are both heavy. Under the feedback mechanism of internal control, managers can accurately obtain the information they need to understand. Through secondary review, unreasonable aspects of accounting information can be promptly identified, thereby reducing the incidence of accounting information distortion.

Secondly, internal control helps to improve the quality of accounting information management. In accounting work, risks always exist. Once there is a significant change in the market environment or managers make wrong decisions, it can lead to financial risk problems, which in

turn bring irreversible economic losses to the enterprise. The internal control system has a risk assessment function, which can effectively identify and prevent risks in accounting work, greatly reducing the probability of financial risks. At the same time, effective control measures can be formulated specifically after financial risks occur, thereby achieving effective control of risk losses. From the perspective of internal control, the risk assessment function of internal control systems can optimize the management effectiveness of enterprise accounting information quality. It can accurately evaluate the rationality of accounting workflow, understand specific work details, and use multiple evaluation methods to systematically and fairly evaluate and review enterprise accounting information. In addition, it can effectively promote the implementation of various tasks such as enterprise budgeting and internal auditing, based on the actual situation of enterprise accounting work and fund usage at the current stage, and promote the effective improvement of the accuracy and reliability of accounting information quality.

3. Problems in Accounting Information Quality Control Based on Internal Control in Chinese Enterprises

3.1. Incomplete Internal Control Construction

Chinese enterprises generally lack awareness of the importance of internal control systems such as accounting control, and have not received sufficient attention. This issue is mainly reflected from three levels. Firstly, some companies, especially small and medium-sized enterprises, do not have written regulations on internal control systems, and some even do not establish internal control systems at all, resulting in a lack of unified and standardized procedures and standards for internal control, and the internal control system is not systematic. Secondly, some companies have also established internal control systems, but they are quite inadequate, and some of the problems that exist cannot be ignored. For example, emphasizing the control of physical objects but neglecting the control of actors, and emphasizing the procedural control of the “production-supply-sales” process, but neglecting the regulation of the overall structure coordination of internal control, etc. Once again, some enterprises, although they have established relatively comprehensive internal control systems, have not seriously implemented and implemented this system on paper, making it only a mere scrap of paper and losing the original intention and effectiveness of restricting non-standard behavior.

3.2. Lack of Normative Constraints in Accounting Basic Work

As early as the 1990s, the Ministry of Finance formulated the *Accounting Basic Work Standards* as a fundamental guiding document for any social organization to carry out accounting work. However, this system has not been effectively implemented in some companies' actual operations. From a general perspective, for example, some enterprises directly use untrue business information for financial accounting and accounting statement preparation in order to manipulate profits, artificially fabricate and tamper with accounting data, and fabricate income data in order to artificially increase income. In order to handle unreasonable expenses, costs are directly squeezed and spread indiscriminately. For example, some companies set up multiple accounts to reduce tax burden, and some income is not recorded in the accounts. From a small operational perspective, some companies do not follow the process or approval authority specified in the system for specific economic transactions, resulting in sales being unable to recover debts, or some handling personnel exceeding their authority to sign contracts, posing hidden dangers to the company. In addition, the internal management of the company itself is not in place, and internal supervision and audit work are mere formality, unable to detect and correct the misconduct of relevant personnel in a timely manner, resulting in serious distortion of the company's accounting information. Some companies lack a regular inventory system and do not regularly check their assets and inventory, which has also led to increasing loopholes in discrepancies between the company's accounts and the actual situation, resulting in serious distortion of the company's financial data.

3.3. Inadequate Control of the Environment

Corporate governance and internal control are the most important control environment for internal control in enterprises, and internal control also greatly affects the effectiveness of corporate governance structure. However, there are various deficiencies in the current corporate governance structure in China, such as the establishment of a board of directors, supervisory board, and management team being mere formality, as well as the inadequate functions of the board of directors and the imperfect internal control system. In addition, most companies in China still have unclear boundaries between accounting responsibilities and rights, and weak internal control over accounting responsibilities. The reason for this is, on the one hand, that the company's division of financial and accounting functions is unreasonable, without clearly defining the respective purposes and responsibilities of accounting and finance. On the other hand, it is because there is no clear understanding of the objects that financial supervision and accounting supervision each need to serve. Generally speaking, financial supervision is mainly aimed at the owners of the company, while accounting supervision is aimed at all stakeholders inside and outside the company. Therefore, the authenticity and fairness of accounting information will have a significant impact on the operation and governance of the entire company. However, many companies often confuse financial supervision with accounting supervision, which will inevitably lead to insufficient effectiveness of internal control within the company.

4. Accounting Information Quality Control Strategies from the Perspective of Internal Control

4.1. Improving Internal Control Construction

In the construction of internal control, attention should be paid to two aspects, that is “economy” and “effectiveness”. Economy refers to the consideration of practicality and feasibility when formulating and implementing internal controls, without going too far or putting on airs. Arrangements should be made based on personnel allocation and unit business conditions. Effectiveness refers to the fact that internal control must be practical and fully functional. To establish an internal control system that is in line with the actual situation of the enterprise, the first step is to strictly divide the responsibilities of each position in the company, so that the division of labor and responsibilities between each department are clear. Secondly, establish standardized and unified accounting business processing procedures and detailed management methods, strictly define the goals and control standards of accounting work, so that company employees have rules to follow. Enterprises should improve the Accounting information system and strengthen the internal control of accounting rights and responsibilities. Starting from the construction of a sound accounting supervision system, provide institutional basis and guarantee for the clarification of accounting responsibilities and rights, in order to achieve the purpose of controlling accounting responsibilities and rights. Finally, it is important to attach importance to the effectiveness of internal control, regularly evaluate the strength and effectiveness of the implementation of various internal control environments, and implement rewards and punishments.

4.2. Standardizing Basic Accounting Work

Firstly, it is necessary to strengthen the standardized management of enterprise accounting and financial books. Starting from the actual financial situation of the enterprise, and based on the premise of authenticity and fairness, the management of the enterprise should strictly crack down on the behavior of artificially fabricating and tampering with accounting data, eliminate the use of false information for financial accounting and statement preparation, and strictly deal with “counterfeiters” and resolutely refrain from financial fraud and falsification such as false reporting of the enterprise's economy and profits. Secondly, the internal audit work of enterprises should be strengthened. Emphasizing internal audit as a key aspect of internal control, enterprises should regularly conduct strict audits of the authenticity, reliability, and completeness of their financial data, as well as monitor in real-time whether the use of enterprise assets is economically effective. In

addition, enterprises should also promptly identify weak links in accounting work and propose effective improvement measures to reduce accounting information distortion. In addition to reviewing the accounting materials of enterprises, strengthening internal audit work should also focus on the process of generating accounting information, playing a role in re controlling internal control. In addition, the professional quality of internal auditors should also be improved. Playing the roles of “legal advisor” for factory directors and managers, as well as “diagnostic doctor” for corporate economic behavior, effectively improves the quality of accounting information in enterprises.

4.3. Optimizing the Internal Control Environment of Enterprises

The effectiveness of corporate governance structure is reflected in the mutual supervision, coordination, and checks and balances among the board of directors, supervisory board, and manager. The effectiveness of corporate governance structure is closely related to the establishment of a good internal control system. The internal control system is mainly formulated by the board of directors and management of the enterprise, and its original intention is to ensure the safety and integrity of the enterprise’s assets, improve the authenticity and quality of accounting information, and better achieve the business and management objectives of the enterprise. Therefore, the internal control system should be a series of measures and procedures with control functions. In order to ensure the effective operation of the internal control system and fully utilize its functions, enterprises should start by establishing a scientific internal governance structure. Firstly, as the management of enterprises, they should strengthen their emphasis on internal control and actively create conditions for optimizing the internal control environment of the enterprise. Secondly, continuously improve the functions of the board of directors, strengthen supervision of major economic activities of enterprises, and effectively promote the smooth implementation of internal control by establishing an audit committee to monitor accounting information of enterprises. Thirdly, establish a reasonable organizational structure, clearly define the responsibilities and authorities of enterprise employees, and further optimize the internal control environment. Fourthly, regular training should be provided to all employees of the enterprise to encourage them to develop a positive and correct concept of internal control. Through training activities, they are motivated to consciously implement internal controls and effectively prevent financial reporting fraud in enterprises (as shown in Figure 1).



Figure 1 Internal Control Training for Enterprises

5. Conclusion

In the practice of enterprise management and development, the quality of accounting information is crucial. From the perspective of internal control, examining the quality of accounting information in enterprises and adopting scientific and effective response strategies can not only effectively improve the quality and efficiency of accounting work, but also comprehensively promote the healthy and sustainable development of enterprises.

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