

# Problems and Countermeasures of Financial Internal Control in Financial Companies

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**Abstract:** The financial industry is important in China's economic development, and the development of financial companies has greatly promoted the rapid development of social economy. In recent years, financial companies have developed rapidly. The number and scale of the companies have increased to a certain extent. With the increasingly fierce market competition, financial companies are facing more and more risks and problems. Among them, financial problems are more prominent. Only by strengthening financial internal control can financial enterprises improve their risk defense ability. This paper expounds the important role of financial internal control of financial companies, analyzes the problems existing in the current financial internal control, and puts forward effective countermeasures for these problems.

## 1. Introduction

In the process of development, the financial industry will be affected by many factors, so it is a high-risk industry. China's financial market competition is increasingly fierce, and the market environment is more and more complex. Financial companies in this environment must strengthen financial internal control, improve risk defense ability to stably develop. Therefore, financial companies must face up to the current situation and existing problems of financial internal control and improve their management level.

## 2. Significance of Financial Internal Control in Financial Companies

In recent years, China's financial companies have developed rapidly, and constantly adapt to the requirements of social development. From the perspective of overall development, it is of great practical significance for financial companies to carry out financial internal control.

Firstly, it helps to improve the ability of financial companies to resist financial risks. The development of financial companies is inseparable from the support of funds. Through financial internal control, we can effectively use the company's funds, standardize the investment behavior, optimize the use of funds in risk investment. Systematic management and control of the company's funds can help the company avoid financial risks. At the same time, strengthening the financial internal control of financial companies can standardize the behavior of financial staff, ensure the application process of financial funds, and improve the ability of enterprises to resist risks. Secondly, it helps to improve the operating efficiency of financial companies<sup>[1]</sup>. With the implementation of the new accounting standards, financial companies have made some reform and innovation in business mode. In this process, financial internal control plays an important role. If financial companies want to improve their business performance, they need to make reasonable distribution from all aspects of the company and effectively control the income and expenditure of funds, improve the utilization rate of funds, improve the operating efficiency of financial companies, and promote the stable development of financial companies. Finally, it helps to improve the market competitiveness of financial companies. With the rapid development of social economy, science and technology, financial companies are facing more and more complex market environment. The companies must strengthen the internal financial control, develop new products and improve the

market competitiveness.

### **3. Problems in Financial Internal Control of Financial Companies**

#### **3.1 Imperfect Internal Financial Control System of Companies**

The implementation of any financial behavior should be carried out under the standard system, and the financial management of financial companies is no exception. In the actual management of financial companies, there is a lack of sound financial internal control system. In financial management, the job responsibilities of staff are not clear enough, and the lack of sense of responsibility in the work process will seriously affect the work efficiency. In addition, the business process lacks certain supervision, and the behavior in daily work is not well managed, so it is difficult to form effective internal control.

#### **3.2 Lack of Awareness of Risk Management in Financial Companies**

With the progress and development of Internet technology, the environment of financial companies is becoming more and more complex, and there are many financial risks. However, some financial companies lack awareness of risk management, pay less attention to financial internal control, and lack effective cooperation among various departments. Many financial companies lack the ability to assess the risk, and there are no corresponding risk defense measures, so that the companies can't take effective measures to deal with the risks, causing unnecessary economic losses. Some companies only focus on immediate interests, ignoring the existence of financial risks.

#### **3.3 Defects in the Financial Internal Supervision System**

In financial companies, internal financial supervision plays an important role in preventing financial risks. However, there are some problems in the current financial supervision of financial companies. Financial supervision has not been effectively implemented, and there is no regular inspection of the company's finance. In particular, when some special inspections are carried out, information will be released in advance to cope with the inspections, having no real significance. In the process of financial audit, there are some problems in the encouragement of audit, seriously affecting the fairness of audit work. There are defects in the supervision system, and some economic crimes occur frequently, bringing serious economic losses to financial companies<sup>[2]</sup>.

#### **3.4 Insufficient Quality of Financial Staff**

In the financial management of financial companies, some financial staff are not graduated from financial major, but get the relevant professional certificates after engaging in the financial work. Therefore, the management methods used in the work are relatively backward, and they lack innovative spirit, so the quality of the financial staff in the company needs to be further improved. Some financial companies do not regularly organize professional training for employees, so that the knowledge of financial personnel can't be updated in time, affecting the normal development of the company's financial work. In addition, financial companies hold high risk, requiring financial managers to find out the hidden risks in the operation process in time. However, there are very few people with this ability in the company, which is difficult to ensure that the financial companies can resist the impact of risks.

### **4. Countermeasures for the Problems in Financial Internal Control of Financial Companies**

In view of the above problems in the financial internal control of financial companies, we must take effective measures to improve the financial internal control of financial companies.

#### **4.1 Optimize the Internal Execution Mechanism of Financial Companies**

A financial company should divide the key financial positions, which shall be handled by two or more personnel. Therefore, the company can clearly implement the post responsibilities to each personnel, enhance the sense of responsibility of financial staff, carry out the work in strict

accordance with the company's specifications, and promote the effective implementation of the financial internal control system. In addition, we should strictly standardize the internal business process of finance, carry out scientific and reasonable planning, remove some complicated and repetitive processes, simplify the whole process, and improve the efficiency of business handling. Financial companies should pay real-time attention to the development trend of the industry, make full use of information technology in the actual work, improve the company's execution mechanism, and improve the execution of financial companies<sup>[3]</sup>.

#### **4.2 Improve the Risk Control System, Strengthen the Ability of Risk Early Warning**

With the acceleration of globalization, China's financial companies are facing the impact of domestic and foreign financial risks. In this complex situation, financial companies must improve the internal financial risk control system. In the process of improving the risk control system, financial companies should select accurate financial and economic indicators from complex business activities, analyze the variables of these financial and economic indicators, observe the changes of each variable in different environments, and record these changes in detail, so as to provide theoretical support for the financial risk of the company. At the same time, we should enhance the sensitivity of risk early warning and improve the ability of risk early warning.

#### **4.3 Strengthen Internal Financial Supervision**

In the work of financial internal control, financial supervision plays a vital role. To strengthen supervision in the financial management of financial companies, firstly, we need to regularly or irregularly check the financial related work, timely grasp the company's capital status through financial data information, understand the company's business development, and make timely adjustments. Secondly, we should strengthen the management of audit work. When the financial company carries out the audit work, we should ensure the independence of the audit work and make the audit process more objective and fairer. Thirdly, we should severely punish violations of financial work in accordance with relevant laws and regulations, so as to minimize the occurrence of financial violations.

#### **4.4 Improve the Professional Quality of Financial Staff**

In the financial management of financial companies, the internal control of finance is very important. The financial workload is relatively large, and the quality level of financial staff directly affects the stable development of financial companies. Therefore, in order to do a good job in financial internal control of financial companies, we must improve the professional quality of financial staff. When recruiting personnel, we should recruit some talents with high professional level and high ideological and moral quality. For the existing financial staff, the company shall organize training regularly to improve their professional knowledge and skills, so that they can provide accurate data information for the company, and facilitate the company's decision-making. Financial companies should pay attention to the cultivation of financial talents, and set up corresponding reward and punishment mechanism in finance according to the actual situation of the company's development. The outstanding staff should be given certain material and spiritual rewards, and financial personnel should be encouraged to take the certificate of accounting specialty<sup>[4]</sup>. The company can give certain support from salary and treatment. In addition, the company can assess the financial staff, screen talents through the assessment of professional knowledge and skills, so as to reserve excellent talents for the development of financial companies, improve the overall quality of the financial staff and improve the efficiency of the financial management.

#### **4.5 Establish Risk Information Communication Channels**

In the financial internal control, in order to improve the level of financial management, financial companies need to establish risk information communication channels to ensure that the information between various departments can be timely and accurately transmitted to meet the needs of different departments for data information. Financial companies should make full use of

science and technology, strengthen information management, improve the security of data and information, and improve the efficiency of communication between various departments. The establishment of efficient communication between various departments can improve the work enthusiasm of various departments, and constantly improve the financial management level of financial companies, so as to achieve financial internal control.

## **5. Conclusion**

To sum up, in the current market environment, financial companies must strengthen financial internal control and improve risk defense capability. Financial companies can strengthen internal financial control and promote the stable development by optimizing internal financial execution mechanism, improving risk control system, improving risk early warning ability, strengthening internal financial supervision, improving the professional quality of financial staff, and establishing risk information exchange channels.

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