

Analysis of Internal Control Management Problems in Hospital Finance and Accounting

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Abstract: This paper outlines the internal control management of hospital accounting and finance, introducing its concept, importance, and objectives. It then analyzes the problems existing in the internal control management of hospital accounting and finance, including an unsound management system, insufficient system implementation, inadequate risk assessment and control capabilities, poor information communication, weak internal supervision, and uneven personnel quality. The reasons for these problems are also analyzed, including outdated management concepts, irrational organizational structures, imperfect training and incentive mechanisms, low levels of information technology, and changes in the external environment. This paper proposes improvement measures for the internal control management of hospital accounting, including enhancing the management system, strengthening system implementation, improving risk assessment and control capabilities, enhancing the information communication mechanism, strengthening internal supervision, improving personnel quality, advancing information technology, and adapting to changes in the external environment.

Keywords: Hospital accounting; Internal control management; Medical system reform; Financial security; Operational efficiency

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1. Introduction

With the deepening of medical system reforms, the importance of internal control management in hospital accounting is becoming increasingly prominent. It not only relates to the financial security of hospitals but also directly affects operational efficiency and sustainable development. However, in the era of big data, the internal control management of hospital accounting faces many challenges, such as an unsound management system, insufficient system implementation, inadequate risk assessment and control capacity, poor information communication, weak internal supervision, and uneven personnel quality. These problems seriously constrain the effectiveness of internal control management in hospital accounting and also impact the overall operation and development of the hospital.

2. Problems in the internal control management of hospital accounting

2.1. Inadequate management system

From the perspective of hospital organizational structure, some hospitals lack the necessary conditions for developing effective financial internal control mechanisms. The most typical problem is the absence of internal control departments and the lack of a sound audit department ^[1]. An inadequate management system leads to numerous issues in financial internal control management, severely affecting the hospital's operational efficiency and financial security, and hindering sustainable development.

2.2. Insufficient implementation of the system

The inadequate implementation of internal control management in hospital accounting mainly stems from a lack of staff knowledge and understanding of the system, inherent flaws in the system itself, a lack of effective supervision mechanisms, an unsound incentive system, and insufficient attention from management. These issues result in poor system implementation, negatively impacting the effectiveness and efficiency of internal control management in hospital accounting.

2.3. Insufficient risk assessment and control ability

Inadequate risk assessment and control ability in hospital accounting internal control management are primarily due to weak risk awareness among management and staff, unscientific risk assessment methods, insufficient risk control measures, an imperfect risk management mechanism, and unreasonable resource allocation. These deficiencies affect the hospital's risk management capability and financial security.

2.4. Poor information communication

Poor information communication in hospital finance and accounting internal control management is mainly due to inadequate communication channels, insufficient information sharing, limited communication methods, a lack of communication culture, and an unsound communication feedback mechanism ^[2]. These issues result in obstructed information transmission, information asymmetry between departments, untimely communication, communication barriers among employees, and an inability to promptly identify and address problems. Consequently, decision-making support and implementation efficiency in hospital accounting internal control management are affected.

2.5. Ineffective internal supervision

Ineffective internal supervision in hospital accounting internal control management is characterized by an imperfect internal supervision mechanism, poor quality of supervisors, lack of supervisory independence, insufficient supervision, and untimely feedback. These factors prevent effective supervision, making it difficult to detect and correct financial errors and irregularities, prevent and control potential financial risks, and provide timely feedback on supervision results. As a result, the effectiveness and efficiency of internal control management in hospital finance and accounting are compromised ^[3].

2.6. Personnel quality varies

The uneven quality of personnel in hospital accounting internal control management arises from inconsistent recruitment standards, an inadequate training system, insufficient incentives, unclear performance assessment criteria, and an unclear career development path. These issues lead to disparities in the abilities and quality of accounting personnel, difficulties in training and professional enhancement, low motivation, inaccurate performance assessments, and unclear career goals and development directions. Consequently, the effectiveness

and efficiency of hospital accounting internal control management are adversely affected.

3. Analysis of causes of hospital accounting internal control management problems

3.1. Backward management concepts

Backward management concepts lead to a reliance on experience, neglect of internal control, lack of scientific decision-making, and insufficient motivation to solve problems and encourage teamwork. These issues affect the effectiveness and efficiency of internal control management in hospital accounting.

3.2. Irrational organizational structure

An unreasonable organizational structure results in unclear authority and responsibilities, inefficient decision-making, inaccurate information transfer, ineffective supervision, and insufficient resources. These factors negatively impact the effectiveness and efficiency of internal control management in hospital accounting.

3.3. Imperfect training and incentive mechanisms

In hospital accounting internal control management, imperfect training and incentive mechanisms result in insufficient knowledge and skills among accounting staff, inadequate training, low staff motivation, and lack of work rewards. These issues hinder the implementation of effective internal control management ^[4].

3.4. Low level of informatization

Hospital accounting internal control management faces challenges due to a low level of informatization. This is manifested in an imperfect information system, insufficient data sharing, weak information security, limited application of technology, and a shortage of skilled personnel. These problems lead to difficulties in financial data processing, information silos, threatened data security, limited technology application, and lagging information technology infrastructure, thereby affecting the efficiency and effectiveness of internal control management.

3.5. Changes in external environment

Changes in the external environment, such as new policies and regulations, intensified market competition, technological advances, shifts in the socio-economic environment, and updates in industry standards, impact hospital accounting internal control management. These changes require hospitals to adjust their internal control management strategies promptly to adapt effectively ^[5].

4. Hospital accounting internal control management improvement measures

4.1. Improve the management system

- (1) Define the division of authority and responsibility: The hospital should clearly divide the authority and responsibility of each department to ensure that the authority and responsibility are clear, and avoid the shirking of work and inefficiency caused by unclear authority and responsibility.
- (2) Optimize the decision-making process: hospitals should establish an efficient decision-making process to ensure the timeliness and accuracy of decision-making and improve the decision-making support of internal control management.
- (3) Strengthen internal supervision and audit: Hospitals should establish a perfect internal supervision and audit mechanism to strengthen the supervision and audit of financial activities, and timely detection

and correction of financial errors and irregularities.

- (4) Establishment of incentive mechanism: Hospitals should establish incentive mechanisms linked to performance to stimulate the enthusiasm of employees and improve the execution of internal control management and teamwork.
- (5) Strengthen staff training and career development: Hospitals should strengthen staff training to improve the professional quality and skills of employees while providing employees with a clear career development path to enhance the sense of belonging and motivation of employees.

4.2. Strengthen the implementation of the system

- (1) Improve the staff's knowledge and understanding of the system: Through training and publicity activities, enhance the staff's understanding and knowledge of the internal control management system, to ensure that employees are clear about the specific requirements of the system ^[6].
- (2) Improve the content of the system: Sort out and revise the existing system, eliminate loopholes and ambiguities, and improve the operability of the system.
- (3) Establishment of supervision mechanism: Set up a special supervision department or post, real-time monitoring and feedback on the implementation of the system to ensure that the system is effectively implemented.
- (4) Improve the incentive mechanism: Clear incentives to stimulate the enthusiasm of the staff to implement the system to improve the staff's work motivation.
- (5) Enhance the importance of management: The management should attach great importance to the problem of insufficient implementation of the system, and carry out regular assessment and inspection to ensure that the system is effectively implemented.

4.3. Enhance risk assessment and control ability

- (1) Strengthen risk awareness: Through training and publicity activities, management and employees should enhance their understanding of risk assessment and control and improve risk awareness ^[7].
- (2) Adopt scientific risk assessment methods: Adopt risk assessment methods combining quantitative and qualitative to accurately identify and assess potential financial risks ^[8].
- (3) Formulate and implement effective risk control measures: Formulate corresponding control measures for the identified risks and ensure that these measures are effectively implemented.
- (4) Establish and improve the risk management mechanism: Establish a risk management mechanism including risk identification, assessment, control, monitoring, and feedback to ensure that risks are continuously managed and controlled.
- (5) Reasonable allocation of resources: Ensure that sufficient resources are invested in risk management, including human, material, and financial resources to improve risk control capability.

4.4. Improve information communication mechanism

- (1) Establish a smooth information communication channel: Ensure the timeliness and accuracy of information transfer by setting up communication tools such as internal networks and mail systems.
- (2) Improve the information-sharing mechanism: Establish a cross-departmental information-sharing platform to promote the timely exchange and sharing of information between departments.
- (3) Diversify communication methods: Adopt written, oral, electronic, and other communication methods to improve the timeliness and interactivity of information transmission.
- (4) Cultivate a good communication culture: Encourage communication and exchange between employees,

eliminate communication barriers, and improve the smoothness of information transfer.

- (5) Improve the communication feedback mechanism: Establish the communication feedback mechanism to understand the effect and problems of information transmission in time, and provide the basis for the improvement of communication.

4.5. Strengthen internal supervision

- (1) Establish an independent internal oversight department: The hospital should set up an independent internal oversight department, such as an internal audit department, to ensure the independence and objectivity of the supervision work.
- (2) Strengthen the training and quality improvement of supervisors: Hospitals should strengthen the professional training and skill improvement of supervisors to improve their ability to find and correct financial errors and irregularities.
- (3) Clarify the content and procedures of supervision: Hospitals should clarify the content and procedures of internal supervision to ensure that the supervision work is based on evidence and to improve the standardization and effectiveness of the supervision work ^[9].
- (4) Establishment of supervision and feedback mechanism: Hospitals should establish a supervision and feedback mechanism to provide timely feedback of supervision results to the management and relevant departments, thereby providing a basis for the improvement of supervision work.
- (5) Strengthen the synergy between supervision and audit: Hospitals should strengthen the synergy between internal supervision and audit to form a supervision synergy and improve the overall effect of supervision.

4.6. Improve the quality of personnel

- (1) Establish an independent internal oversight department: Hospitals should set up an independent internal oversight department, such as an internal audit department, to ensure the independence and objectivity of the supervision work.
- (2) Strengthen the training and quality improvement of supervisory personnel: Hospitals should strengthen the professional training and skill improvement of supervisory personnel to improve their ability to detect and correct financial errors and violations ^[10].
- (3) Define the content and procedures of supervision: Hospitals should define the content and procedures of internal supervision to ensure that the supervision work is based on evidence and to improve the standardization and effectiveness of the supervision work.
- (4) Establishment of supervision and feedback mechanism: Hospitals should establish a supervision and feedback mechanism, and timely feedback of supervision results to the management and relevant departments, to provide a basis for the improvement of supervision.
- (5) Strengthen the synergy between supervision and audit: Hospitals should strengthen the synergy between internal supervision and audit to form a supervision synergy and improve the overall effectiveness of supervision.

4.7. Strengthen information construction

- (1) Improve the financial information system: Establish a perfect information system to achieve real-time collection, processing, and analysis of financial data to provide decision-making support for internal control management.
- (2) Promote data integration and sharing: Realize the integration and sharing of financial data with data

from other departments, eliminate information silos, and improve the synergy effect of internal control management.

- (3) Strengthen information security protection: Establish perfect information security protection measures to ensure the security of financial data.
- (4) Apply advanced information technology: Actively apply information technology, such as big data analysis, cloud computing, etc., to improve the efficiency and effectiveness of internal control management.
- (5) Cultivate information technology talents: Strengthen the cultivation and introduction of information technology talents to improve the information technology application ability of hospital internal control management.

4.8. Adapt to changes in the external environment

- (1) Pay close attention to changes in policies and regulations: understand and grasp the changes in policies and regulations promptly, and adjust the internal control management strategy to ensure compliance with new policies and regulations.
- (2) Strengthen the analysis of market competition: Analyze the competitive situation in the market, formulate coping strategies, and improve the competitiveness of the internal control management of hospital accounting.
- (3) Actively embrace technological progress: Adopt advanced information technology, such as big data analysis and cloud computing, to improve the efficiency and effectiveness of internal control management.
- (4) Adapt to changes in the socio-economic environment: Adjust internal control management strategies to cope with the impact of changes in the external environment, such as inflation and recession.
- (5) Updating industry standards: Adjust internal control management processes and measures promptly according to the updating of industry standards to ensure compliance with the requirements of new industry standards.

5. Conclusion

This study has discussed in depth the problems and their causes in the internal control management of hospital accounting and finance, including unsound management system, insufficient system implementation, weak risk control, poor information communication, weak internal supervision, different quality of personnel, outdated management concepts, irrational organizational structure, imperfect training and incentive mechanism, low level of information technology and changes in the external environment. To cope with these problems, improvement measures including improving the management system, strengthening the implementation of the system, upgrading the risk control, improving the information communication, strengthening the internal supervision, improving the quality of personnel, strengthening the information technology, and adapting to the changes in the external environment are proposed. These measures help to improve the management level of internal control of hospital accounting, which in turn improves the operational efficiency and financial security of the hospital and promotes the sustainable development of the hospital. However, the continuous optimization and improvement of the internal control management of hospital accounting still requires unremitting efforts and continuous improvement. It is necessary to pay close attention to management dynamics, adjust strategies and methods on time, and strengthen exchanges and cooperation with external partners, drawing on advanced management concepts and techniques to further improve the level of internal control management of hospital

accounting.

Disclosure statement

The author declares no conflict of interest.

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