

A Study on the Internal Control and Countermeasures of Fixed Assets in Private Universities: A Case Study of N College

Guirong Ma*, Lili Ma

Communication University of China, Nanjing 211100, China

*Corresponding author: Guirong Ma, magr@cucn.edu.cn

Copyright: © 2024 Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0), permitting distribution and reproduction in any medium, provided the original work is cited.

Abstract: Fixed assets in universities occupy an important position in university management due to their wide coverage and large amount of money. Due to insufficient funding supply, private universities mainly focus on the allocation and utilization of fixed assets, which reflects the overall characteristics of cautious allocation, maximum utilization, and delayed elimination in the actual management of fixed assets. This article aims to conduct research and analysis on the entire lifecycle process of the allocation, use, and disposal of fixed assets in private universities, summarize the problems existing in the internal control of fixed assets in private universities, and propose corresponding countermeasures and suggestions in a targeted manner.

Keywords: Private universities; Fixed assets; Internal control and countermeasures

Online publication: August 26, 2024

1. Introduction

According to the classification standards of the Ministry of Education, fixed assets in universities can be divided into six categories: houses and structures, specialized equipment, universal equipment, cultural relics and exhibits, Book archives, and furniture, utensils, fixtures, and animals and plants ^[1]. Fixed assets occupy an important position in university management due to their wide coverage and large amount of money. One important characteristic that distinguishes private universities from public universities is the relatively insufficient supply of funds ^[2]. Therefore, private universities pay more attention to the efficiency and effectiveness of fund utilization in their daily management and have stricter control over funds and assets, hoping to produce higher cost-effectiveness at a lower cost. This article aims to conduct research and analysis on the entire lifecycle process of the allocation, use, and disposal of fixed assets in private universities, summarize the problems existing in the internal control of fixed assets in private universities, and propose corresponding countermeasures and suggestions in a targeted manner.

2. Analysis of asset allocation in N college

2.1. Strict review and insufficient asset allocation

N College has a strict system for the approval and use of funds and is particularly cautious when it comes to the purchase of fixed assets with large amounts of money involved. To “put money to the cutting edge,” the fund of the college gives priority to solving emergency needs. For fixed assets investment, it is better to use maintenance and leasing instead of purchasing, delaying purchase, and other schemes with small investment amounts ^[3].

2.2. Insufficient information communication and duplicate configuration issues

N College adopts a centralized management approach for fixed assets, and each department applies for, uses, and maintains corresponding fixed assets as needed ^[4]. Due to the multiple levels of departments, each department manages and utilizes its own assets, resulting in each department subscribing to some similar general equipment.

2.3. Inaccurate and large deviation in budget preparation

To improve the efficiency of fund management, N College has implemented a budget management system, requiring departments at all levels to prepare annual budgets. However, due to the lack of professionalism and the dynamic changes in the market, there is a significant difference between the department’s budget and actual expenses. At the same time, due to the lack of forward-looking concepts, the purchased equipment faces the problem of upgrading and renovating after being used for some time, or cannot meet new needs and needs to be repurchased ^[5].

2.4. Procurement bidding is not standardized

The bidding work for the construction of buildings and supporting facilities in N College is fully the Logistics Department’s responsibility. The specific bidding process, evaluation of professional data, and other work lack corresponding supervision mechanisms. The progress, coordination, and supervision of later projects are also handled by the Logistics Department, and the bidding process lacks oversight mechanisms ^[6].

2.5. The acceptance procedure is not standardized

There are many types of fixed assets in universities, each with strong professional requirements. There is a lack of clear and detailed acceptance processes and execution standards for different types of fixed assets. Acceptance personnel cannot be highly specialized in all types of assets, making acceptance a mere formality that mainly involves checking document compliance. This results in a lack of substantive control, and scientific effectiveness cannot be guaranteed.

3. Analysis of the use of fixed assets in private universities

3.1. Multiple levels of fixed asset management and insufficient professionalism of management personnel

Currently, N College implements a unified leadership and centralized management approach for fixed assets, with the principle of “who uses, manages, and is responsible.” The asset management personnel in the user departments are mostly part-time. They lack professional financial knowledge and sufficient expertise in fixed asset management. This can easily lead to inadequate fixed asset management, reduced efficiency in asset utilization, increased maintenance frequency, and shortened service life.

3.2. Insufficient construction of information integration system

Under the background of intelligent cloud migration, the network-integrated office has become a trend to improve office efficiency. N College has increased investment in the integration of academic affairs systems, greatly improving collaborative efficiency in teaching ^[7]. However, there is insufficient investment in the integrated asset management system, and information from various departments cannot be directly connected. The collaborative office of asset management processes requires specialized transmission, and the same asset information is prone to errors or inconsistent statements in the flow of information between different departments. The efficiency of cross-departmental collaboration is low and prone to errors, which urgently needs improvement.

3.3. Delayed registration and inaccurate fixed asset data

N College adopts the principle of centralized management for the daily management of fixed assets, with the finance department conducting value management and the user department conducting physical management. Asymmetric information between the finance department and the user department can lead to situations where the finance department has already recorded but the user department has not. The finance department calculates depreciation monthly, and it is also difficult for the user department to maintain synchronous updates. For assets purchased in batches, financial expenses may be expensed without special instructions, resulting in inaccurate fixed asset data.

3.4. Unscientific usage management and insufficient asset maintenance and upkeep

Some users lack a sense of responsibility and lack daily management and maintenance of fixed assets. Some leaders are reluctant to invest in daily maintenance and upkeep due to various factors, resulting in a phenomenon of “heavy procurement, light management” in the process of fixed asset management. They do not attach importance to the scientific use, maintenance, and upkeep of fixed assets, making them more prone to damage, increasing repair costs, and increasing the risk of early scrapping of fixed assets.

3.5. Low degree of information sharing, coexistence of idle and scarce assets

The application of fixed asset-sharing mechanism is insufficient. During the same period, some departments of the same type of fixed assets have lower asset usage frequency and more idle time, while others cannot meet their needs even when their usage frequency is high, resulting in the coexistence of excessive use and idle resources ^[8]. The reason for this phenomenon is insufficient information sharing, and various departments are unable to efficiently coordinate and utilize resources. Schools should strengthen the construction of information integration systems to avoid the phenomenon of “information silos.” ^[9]

3.6. Lack of feedback mechanism for fixed asset performance evaluation results

The asset managers of fixed asset user departments at all levels are mostly part-time, with insufficient professionalism and importance in asset management, resulting in poor efficiency in asset management. Simultaneously, since their evaluation mainly focuses on their main responsibilities, it will not have a significant impact on their performance evaluation. Over time, this has led to the phenomenon of asset managers paying less attention to fixed asset management work ^[10].

4. Analysis of fixed asset disposal in private universities

As a private university, N College has strict management of funds and follows the principle of maximizing

efficiency in asset utilization. The application for updating fixed assets is strictly controlled, and many assets are no longer able to meet their needs and still exceed their service life. Insufficient updates are common. At the same time, many equipment and facilities were damaged in advance due to inadequate maintenance and overloaded operation. N College has a large number of assets that cannot be scrapped on time and have exceeded their service life.

5. Countermeasures and suggestions for internal control of fixed assets in private universities

5.1. Optimizing the organizational framework of fixed asset management in universities

Currently, N College implements a unified leadership and centralized management approach for fixed assets, with “who uses, manages, and is responsible.” One suggestion is to establish a dedicated asset management office to integrate and manage assets, strengthen cooperation with user departments, and improve the efficiency of asset management. Concurrently, strengthen the construction of an asset management system under the joint supervision of audit departments ^[11].

5.2. Strengthening the construction of integrated information systems for fixed assets in universities

Establish a sound and unified asset management information platform and sharing mechanism. The integrated information system covers modules such as asset subscription, acceptance and storage, asset requisition, daily maintenance and repair of assets, asset sharing and borrowing, asset disposal, etc. Real-time sharing of asset information, online initiation, and circulation of processes, including contract approval, all processes, and data are automatically archived and used as supporting evidence for other links. Meanwhile, using electronic tag technology, asset information can be linked to electronic tags and firmly pasted on the surface of the asset. During daily use and management, it is possible to quickly and conveniently understand the relevant information of the asset by scanning the electronic tag, and quickly logging in to relevant network modules for necessary information updates and maintenance ^[12].

5.3. Strengthen training and enhance the professional quality of management personnel

Most of the staff in the fixed asset usage and management departments lack professionalism. The college should strengthen the training of relevant employees to enhance their financial knowledge, professional maintenance, and upkeep knowledge. Strengthen the concept of “managing for benefits” and enhance the serious and responsible attitude of relevant personnel. Strengthen the risk management awareness of all employees, and identify and solve problems as soon as possible ^[13].

5.4. Improve management systems, standardize internal control activities, and strengthen process management

- (1) Optimize asset management methods and enhance asset management level: The Asset Management Office is responsible for coordinating and categorizing the management of various assets. The Logistics Management Office is responsible for maintaining and managing real estate assets, the Library is responsible for maintaining and managing book assets, and the Equipment Department is responsible for maintaining and managing teaching instruments, equipment, and furniture. Each campus and department serves a specific user department. Each department designates a dedicated person to be responsible for asset management and daily maintenance. Different types of assets adopt different

depreciation and maintenance management methods, and all information enters the asset management system and is updated in real time ^[11].

- (2) Emphasize the separation of incompatible positions: The purchaser of fixed assets should be distinct from the approver. There should be a clear separation between the procurement and use of fixed assets. Additionally, the daily custody of assets should be separated from accounting management. Institutional leadership should strengthen the management concept of separating incompatible positions, ensuring objectivity, fairness, mutual supervision, and restraint in the actual process of asset management.
- (3) Optimize the fixed asset procurement acceptance process: When the department needs to add fixed assets, it is necessary to first submit a purchase order in the asset management system. The purchase order is approved by the department head and then sent to the asset management office. The asset management office will consider whether it can be transferred based on the specific situation. If it cannot be transferred, the approval process will continue according to the nature and amount of the assets. In parallel, refine and supplement the fixed asset acceptance system to ensure standardization ^[13].
- (4) Optimize the daily management and maintenance of fixed assets: The daily management and maintenance of fixed assets mainly include asset depreciation, asset inventory, and maintenance. The finance department regularly calculates depreciation in the asset system and updates information in real-time, while other management departments update the status and usage of fixed assets to ensure the timeliness and accuracy of material system information. At the same time, we will standardize the fixed asset inventory system, increase the supervision of fixed asset inventory work, and compile the results of spot checks and evaluations with the internal audit department. Pay attention to the regular maintenance and temporary repair of fixed assets, and effectively ensure the normal use and maximum efficiency of fixed assets.
- (5) Carry out asset scrapping and disposal work following laws and regulations: The disposal of fixed assets must first submit a scrapping application in the processing system. After approval by the responsible leader, the scrapping application enters the Asset Management Department. The Asset Management Department formulates specific receiving and disposal plans based on the specific situation, and after approval by the hospital leadership, the specific disposal and its steps begin. The entire process should be open, transparent, and effectively regulated to prevent the disposal of assets at low prices.

5.5. Optimize performance evaluation methods

To enhance the effectiveness of fixed asset management, it is necessary to attach importance to the mobilization of employee enthusiasm. Performance evaluation, as an important aspect of employee management, should be given more attention. Universities should strengthen the performance evaluation of employees, establish reasonable evaluation standards (combining financial and non-financial indicators, qualitative and quantitative evaluations), affirm and reward fixed asset management work of employees, formulate corresponding punishment measures, establish a liability compensation system, and conduct regular inspections and assessments. Combining responsibility, authority, and benefits, with clear rewards and punishments, stimulates employee enthusiasm while enhancing their sense of responsibility, ensuring the quality of fixed asset management work ^[14].

5.6. Strengthen the risk assessment and internal audit supervision of fixed asset internal control

The college should establish a normalized risk assessment mechanism, with relevant responsible leaders, and establish a risk assessment working group. Thoroughly review the entire process of the material system,

identify the risk points of each link, determine the risk level, and develop corresponding control measures to standardize the internal control process. Comprehensively sort out all possible risk points throughout the entire lifecycle of material procurement, acceptance and storage, daily management and use, rental and lending, fixed asset inventory, disposal and scrapping, and develop targeted management systems. Huitong's internal audit department regularly evaluates the corresponding risk control effectiveness^[15].

6. Conclusion

The fixed asset management of N College has the characteristics of saving expenses and emphasizing the efficiency of fund management, which is typical of private colleges. This article aimed to conduct research and analysis on the entire lifecycle process of the allocation, use, and disposal of fixed assets in private universities, summarize the problems in the internal control of fixed assets in private universities, and propose corresponding countermeasures and suggestions in a targeted manner. It is hoped that the management of fixed assets in private universities can be more applicable and efficient.

Disclosure statement

The authors declare no conflict of interest.

References

- [1] Liu N, 2016, Research on Fixed Asset Management in H Universities, thesis, Hebei University.
- [2] Wei L, 2021, Problems and Solutions in Fixed Asset Management of Independent Colleges. *Finance and Accounting Learning*, 2021(30): 154–155.
- [3] Yang L, 2024, Research on Fixed Asset Management Issues and Optimization Strategies in Universities. *State Owned Asset Management*, 2024(02): 48–52.
- [4] Zhang W, 2023, Research on Innovative Financial Management Models for Research Funds in Universities. *Finance and Accounting Learning*, 2023(31): 29–31.
- [5] Jiang C, 2013, Design of a Full Life Cycle Management System for Fixed Assets in Universities, thesis, Dalian University of Technology.
- [6] Ding Q, 2024, Accounting Analysis of Universities Extracting Funds to Purchase Fixed Assets. *Financial and Accounting Communication*, 2024(03): 158–161. <https://doi.org/10.16144/j.cnki.issn1002-8072.2024.03.028>
- [7] Chen J, 2024, An Effective Path to Realize the Unification of Fixed Asset Value Management and Physical Management in Universities. *Science and Technology Economic Market*, 2024(01): 82–84.
- [8] Chen Y, Qiu D, He L, et al., 2023, Performance evaluation of internal control management of experimental instruments and equipment in universities based on fuzzy comprehensive evaluation. *Experimental Science and Technology*, 21(05): 154–159.
- [9] Qiu Y, Cao W, Cao J, 2022, Information Management of Fixed Assets of Colleges and Universities in the “Internet Plus” Environment. *Journal of Shanghai University of Technology: Social Sciences Edition*, 44(2): 206–212.
- [10] Lin C, 2022, Research on fixed asset management in universities under the COSO internal control framework. *Laboratory Science*, 25(3): 189–193.
- [11] Jie Y, 2022, Research on the Accounting and Management of Fixed Assets in Universities under the Government Accounting System. *Administrative Assets and Finance*, 2022(02): 10–12.
- [12] Song X, 2020, The Problems and Countermeasures of Internal Control of Fixed Assets in Universities. *Accountant*,

2020(24): 58–60.

- [13] Zhou T, 2023, Difficulties and Countermeasures in the Work of Transferring Construction Projects to Fixed Assets in Universities. *Accountant*, 2023(19): 93–95.
- [14] Gong L, Li Y, Sheng Q, 2021, An Analysis of the Role of Building Asset Management Teams in Fixed Asset Management in Universities. *Chinese Market*, 2021(11): 115–116.
- [15] Wu D, 2023, Research on Optimization of Fixed Asset Management in Universities Based on Internal Control. *Finance and Accounting Learning*, 2023(04): 162–164.

Publisher's note

Bio-Byword Scientific Publishing remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.