

Research on the Construction of Internal Control Systems in Public Hospitals Under the New Situation

Fang Yang¹, Di Wang¹, Weiyu Chen², Xiaobo Zhang^{3*}

¹The First Affiliated Hospital of Xi'an Medical University, Xi'an 710077, Shaanxi Province, China

²Shangluo University, Shangluo 726000, Shaanxi Province, China

³Xi'an Chan-ba International Port Management Committee, Xi'an 710026, Shaanxi Province, China

*Corresponding author: Xiaobo Zhang, 476372069@qq.com

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Abstract: With the continuous reform of China's medical system, people's health needs are also rising, so people have higher requirements for public medical services. At present, the economic business activities and asset management of public hospitals are becoming increasingly complicated, and the pressure of operation management is increasing. It has promoted the hospital to optimize the allocation of resource allocation and improve the operating efficiency. The management model has changed from extensive to refined, promoting the sustainable development of public hospitals. This article first starts with the development status and significance of the construction of the internal control system of the public hospital, and then sorts out the internal control of existing problems in the public hospital. The article proposes the content and efforts of the construction of an internal control system for existing problems. In the process, ideas for improvement were proposed. It is hoped that through the improvement of the management level of the hospital's internal control system, in a changing market environment, it will better meet the needs of patients and contribute to the healthy and sustainable development of medical institutions.

Keywords: New situation; Public hospitals; Internal control; System construction

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1. Introduction

To deeply implement the chairman of the CCP's thought on socialism with Chinese characteristics for a new era and thoroughly carry out the spirit of the 19th CPC National Congress, the Second and Third Plenary Sessions of the 19th CPC Central Committee, the government must strengthen the party's leadership over public hospitals, improve the modern management system and institutions of public hospitals, and establish a public health care

system that satisfies the Party Central Committee and the people. The party has always placed great emphasis on party building in public hospitals, strengthened party building work in public hospitals, and leveraged the role of party organizations in public hospitals as fighting forts and the exemplary role of party members and cadres. This is of great significance to clarifying and implementing the responsibilities of public hospitals, leading and promoting the safety and health of the people. In the process of gradually deepening the new medical reform policy, public hospitals need to optimize their internal control management system, strengthen the effective implementation of the system, ensure the smooth development of various hospital businesses, effectively prevent related risk issues, and effectively improve the level of internal management and control of hospitals^[1].

In recent years, China's overall medical level has been continuously rising. Under the new situation, public hospitals need to face complex internal and external environments, seize development opportunities based on the current situation, and flexibly address various challenges to ensure the stable and orderly operation and development of hospitals. To seek sustainable development, public hospitals must further improve and update their internal control systems promptly. This ensures that all hospital work operates under reasonable and standardized conditions, ultimately achieving the hospital's expected goals and promoting its development. Effective internal controls can reduce the occurrence of financial fraud, further enhance the quality of hospital internal management, ensure timely and effective resolution of various issues, and provide reliable relevant information to hospital management, thus laying a solid foundation for the long-term development of the hospital and boosting its high-quality development.

2. The importance of strengthening the internal control system construction in public hospitals

To effectively implement internal controls and improve the quality of medical services, public hospitals should strengthen the construction of their internal control systems. This is primarily reflected in the following aspects.

2.1. Promoting sustainable optimization of internal management systems in public hospitals

In the current context of high-quality economic development, strengthening the construction of internal management systems in public hospitals is one of the important aspects of hospital construction and development. Faced with the current fierce competition, public hospitals must further strengthen the construction of internal control systems. Based on ensuring their own social and economic benefits, while balancing short-term and long-term interests, they should promote the continuous optimization of internal management systems. While adhering to providing high-quality services to patients, they should also ensure the steady and orderly progress of various hospital work.

2.2. Increasing prevention of violations in public hospitals

Public hospitals attach great importance to clinical medical work, but some hospitals lack strong financial control capabilities, resulting in potential risks and loopholes in internal control work, which in turn leads to continuous violations. Under the new situation, public hospitals can strengthen the construction of internal control systems, enhance staff's attention to internal control work, actively improve internal control capabilities, continuously provide training, raise awareness of internal control risks, effectively suppress violations, and ensure that relevant personnel in public hospitals strictly follow rules and regulations in various activities. This can effectively reduce the incidence of violations, create a harmonious and positive internal environment within the hospital, and ensure the normal operation and development of the hospital.

2.3. Improving the efficiency and overall level of internal management in public hospitals

Under the new situation, strengthening the construction of internal control systems in public hospitals can effectively improve the hospital's ability to identify and prevent risks, ensuring the safety of financial funds and the normal and stable operation of the hospital. At the same time, by strengthening internal controls, the importance of internal controls is elevated across departments, promoting the effective implementation of internal control systems, and thereby improving the efficiency of internal management in hospitals. The construction of internal control systems in public hospitals can effectively monitor internal management, timely discover problems in the management process, continuously take relevant measures for improvement, reduce losses, ensure the normal operation of public hospitals, and improve the overall level of public hospitals.

2.4. Improving the overall professional ethics of public hospital practitioners

In the process of building an internal control system, public hospitals have strict requirements for the honesty and trustworthiness of all staff. It is necessary to form correct core values, remain true to the original aspiration, and continuously improve and keep the internal control system up to date. All employees are required to emphasize integrity, which is a prerequisite for the development of public hospitals. By establishing a good moral culture, public hospitals enable everyone to recognize their values. Driven by the market economy, they continuously introduce and innovate new systems, guidelines, and business philosophies to solidify their leading position in the market economy. Although the economic management system of public hospitals is constantly improving, there are still significant issues with the overall status of professional ethics, which have not been effectively addressed. Demonstrating a high level of ethics in financial management and continuously enhancing the ability of self-supervision and mutual supervision will reflect a high degree of credibility in the financial management process, and the hospital's services will be recognized by all sectors of society.

Overall, regarding the current status of internal controls in public hospitals in China, most public hospitals currently focus on internal management, standardize their work processes, and have relatively sound internal supervision systems. They have established and implemented management systems for each hospital, facilitating the smooth operation of various medical business activities. However, compared to large enterprises, the internal controls of public hospitals are lagging in both theoretical and practical aspects, and there are still problems with their internal control construction, which directly affects the efficiency of medical services, the safety of funds and property, and the integrity construction of the hospitals. These issues are mainly reflected in the following: Some public hospitals have not yet separately established an internal control system, and many economic business activities are carried out based on habits and conventions without a corresponding mature system to ensure them. Some public hospitals have established an internal control system, but it is too simplistic and not tailored to the hospital's specific conditions. It does not reflect differentiated management among different matters and work processes, lacking scientific rigor, systematicness, and comprehensiveness. As a result, all major economic activities in public hospitals cannot be managed in a coordinated manner, and various departments, systems, and matters cannot be well connected. Some public hospitals have relatively sound and complete internal control systems, but these systems are divorced from the actual situation of the hospital, making them impractical to implement.

3. Prominent issues in the internal control system of public hospitals

For a long time, hospitals have attached great importance to the construction of internal control systems and have achieved certain results, which can effectively ensure the safe, stable, and healthy sustainable development

of hospitals. However, there are still some practical problems that affect the overall level of the internal control system:

3.1. Weak awareness of internal controls

At this stage, some public hospitals focus primarily on medical business-related content in their daily operations and hospital development. They mainly pay attention to the hospital's operating status and the achievement of profit targets, but they do not place enough emphasis on the internal control system. This has resulted in insufficient improvement in the effectiveness of the hospital's internal control system construction. The main reasons for this, upon deeper analysis, are: Firstly, the lack of attention to internal control work is mainly reflected in the lack of a correct understanding of the importance of internal controls and the lack of investment in talents and funds related to the construction of internal control systems. Secondly, financial management personnel lack a strong awareness of internal controls. When developing internal control systems, they do not adequately balance the social and economic benefits of the hospital, and there is a lack of effective overall planning and closed-loop control, which affects the overall efficiency and quality of the hospital's internal control work ^[2]. Therefore, hospital leaders and financial department employees should all improve their correct understanding of the importance of internal controls.

3.2. The internal control system needs to be further improved, and a standardized and comprehensive internal control evaluation system should be established to ensure effective operation

The main role of the internal control system is to standardize behavior and prevent risks. However, at present, some public hospitals still have imperfections in the construction of the internal control system mechanism, and the supervision and restraint of internal controls have not yet achieved the expected results. This directly affects the smooth daily operation of the hospital and has a profound impact on the sustainable development of the hospital, resulting in a significant gap between the actual operation and the expected goals of the hospital. Simultaneously, issues such as the lack of security in the internal control system mechanism and inadequate supervision can lead to problems such as reduced efficiency in collaboration among hospital departments. With changes in external policies and the hospital development environment, various systems cannot keep up with the times. Emerging business modules in internal control management, such as internet diagnosis and treatment management and medical consortium management, have relatively weak system construction. At the same time, there are varying degrees of deviations in system implementation, and the dual factors of incomplete system construction and inadequate system implementation lead to ineffective system management. This indicates a significant gap between the current hospital operation and management requirements under policies and regulations, and the risk prevention and control coefficient is low. Currently, public hospitals have a weak internal control self-evaluation system, with most units in a vacant state. Among the few units that have such a system, the evaluation indicators they design focus on different aspects, and the content differs from actual internal control management. Internal control evaluation in public hospitals is generally at a broad level, and most of them only rely on the internal control evaluation report score developed by the Ministry of Finance. Due to the lack of a standard and unified interpretation of the internal control evaluation index system, there are differences in index data management or feedback on results. Simultaneously, without considering the characteristics of the unit, an effective and universally applicable evaluation system has not been established ^[3].

3.3. Lack of budget control awareness

Hospitals have traditionally adopted the incremental budgeting method for budget preparation. This budgeting method involves making reasonable predictions about the number of business activities for the current year based on the cost and expense levels of the previous year, and conducting a reasonable evaluation of various factors that may affect cost and expense levels ^[4]. Based on a comprehensive assessment of the above content, reasonable and compliant adjustments are made to the hospital's costs and expenses, and then the annual budget is prepared. The main problem with this budgeting method is that it is prone to issues such as a disconnect between budget execution and budget preparation, large errors, inaccurate budgeting of project funds, and a lack of comprehensive budget control. This can, to some extent, affect the safe, healthy, and stable development of the hospital.

3.4. Weak linkage and lack of standardization in internal control information

With the application of modern information technology in various fields, empowering change and innovation in various sectors through technological advantages has become a hot topic of widespread concern. In the internal control work of hospitals, the efficient and quality use of modern information technology can enhance internal control efforts. However, some hospitals currently lack standardized information construction in their internal control work, ignoring investments in funds, technology, and human resources for information construction. This makes it difficult to achieve information and data sharing between departments, affecting collaboration and cooperation, and ultimately impacting the effectiveness of internal controls. The issue of internal control information standardization reflects the hospital's data governance capabilities and the quality of basic business data. For public hospitals, data quality may be an even more important aspect at this stage: the quality of data reflecting business conditions can affect the organization's judgment on business operations at all levels, and the quality of data reflecting processes can affect the hospital's understanding of data sources, namely, the fulfillment of control responsibilities during business operations. Besides the unification of data standards, data quality also relies heavily on the effectiveness of feedback mechanisms from internal controls during the data generation process.

3.5. The talent qualifications for internal control construction are far from expectations

In recent years, although the level of internal control management in public hospitals has improved, many regions still lack professional technical support and effective talent reserves. This makes it difficult to meet the demand for more advanced technology, experience, and knowledge in today's society, thus hindering the implementation of more scientific and refined operational management and the achievement of long-term high-quality development in medical institutions. Due to differences in the responsibilities and skill levels of internal control-related personnel, their contributions to promoting the development of hospital internal control management are limited. As a result, the lack of a strong management and supervision mechanism within the internal control team makes it difficult to effectively apply and implement management measures ^[5].

4. Suggestions for strengthening the construction of internal control systems in public hospitals under the new situation

Strengthening the construction of internal control systems can provide guarantees for the scientific use of funds, normal operation of business management, and sustainable development in hospitals ^[6]. The following explores and studies the specific path for implementing the construction of hospital internal control systems under the new situation.

4.1. All levels of public hospitals should attach importance to the construction of internal control systems

The construction of internal control systems should be carried out as a key task, and hospitals should take effective measures to enhance the internal control awareness of personnel in various departments. Specifically:

4.1.1. Management at all levels should take the lead in understanding relevant knowledge about internal controls

Management should promote the construction of internal control systems that align with the hospital's development plans and ensure that various measures for internal control systems are effectively implemented. Management at all levels should have a correct understanding of internal control systems, deeply appreciate their importance, and communicate effectively with various departments to ensure that internal control systems can be carried out in an orderly manner across all departments.

4.1.2. Strengthen the promotion and learning of internal control systems

The publicity department should bravely assume responsibility, consider the actual situation of the unit, adopt various promotion methods, enhance the internal control awareness of the entire hospital, eliminate non-compliance with rules and regulations from the source, and improve the effectiveness of internal control systems. At the same time, the hospital should organize relevant personnel to keep up with the latest relevant knowledge of internal control systems and develop a relevant internal control management system model that suits the hospital based on the actual situation of the unit. This will guide relevant personnel to accurately understand the system and carefully study accounting policies.

4.2. Improving the internal financial control system and enhancing the financial talent team in public hospitals

Internal financial control is a crucial component of the overall internal control system in public hospitals. It aims to effectively monitor the financial activities of the organization through systematic, effective, and comprehensive management means, ensuring that they align with expected financial objectives and efficiently achieving the effectiveness of financial management. When improving the hospital's internal financial control system and enhancing the financial talent team, the following aspects should be considered:

4.2.1. Clarifying the responsibilities and authorities of key positions

To enhance internal financial control, hospitals should clarify the authorities and responsibilities of key personnel. Firstly, specialized training should be provided to employees in key positions to ensure they strictly follow rules and regulations. For example, in the revenue section of the hospital information system, a dedicated window should be established, with specialized financial staff responsible for collection work, ensuring the uniqueness of operational authority. Following the requirements of incompatible duty separation control, system administrators should uniformly manage the permissions of various personnel and integrate internal control measures into the hospital's various business information systems. This ensures timely identification and termination of unauthorized actions, enabling the hospital to successfully complete all tasks under strict authorization.

4.2.2. Keeping pace with the times and innovating financial management internal control systems

Driven by new medical reforms, public hospitals need to continuously innovate and update their financial

management and internal control systems. To ensure the professionalism, standardization, and systematization of the charging platform, it is necessary to establish a comprehensive hospital charging system with the help of advanced computer networks, requiring improvement, refinement, and updating of the original charging system. Hospital financial management should adapt to the strategic development requirements of the hospital under the current situation, using advanced network technology to build the system and improve it based on the hospital's actual conditions. This enhances the accuracy of financial accounting. Optimizing the hospital's bill management mechanism is crucial for building a sound financial internal control system. It can effectively achieve closed-loop management of bill flow, thus preventing bill loss and concealed income. The hospital's financial department should assign dedicated personnel to manage bills, responsible for various matters such as bill printing, purchasing, storage, usage, and verification. Bills should be issued uniformly by professionals, and collectors should sign confirmation on the outbound list when receiving them. During use, bills should be used in sequential order according to the number. Additionally, the stubs of invoices should be collected by the hospital's financial department, reviewed, and organized by professionals.

4.2.3. Strengthening audit, supervision, and inspection of hospital financial departments

Conducting internal audits ensures the effective implementation of financial internal control systems. It also monitors and evaluates the effectiveness of various hospital rules, regulations, and policy implementation, providing relevant rectification suggestions and measures from the audit level. This ensures the reliability and integrity of hospital financial information. Under the premise of ensuring audit independence, hospitals should implement audit supervision to promote the effectiveness of internal financial systems.

4.2.4. Enhancing the financial talent team in public hospitals and optimizing talent recruitment mechanisms

Timely introduction of experienced and professional talents promotes continuous optimization of the hospital's financial talent team structure. Based on the internal control system construction and the overall strategic development planning of the hospital, the talent recruitment mechanism should be reasonably optimized. Considering the actual requirements of the hospital's internal control system work, scientific and reasonable talent recruitment standards should be set, and financially experienced personnel with rich practical experience should be preferentially selected. This optimizes the overall structure of the hospital's financial team, achieves improvement in both talent quantity and quality, enhances the overall level of the hospital's financial team, and meets the actual needs of the hospital's internal control system construction.

4.3. Strengthening the construction of internal control system information systems in public hospitals

Public hospitals should comprehensively consider their development, as well as changes in the surrounding environment and the overall medical industry. By applying advanced Internet + digital information technology and incorporating internal control system processes, hospitals can improve and perfect their internal control system information systems. This enhancement will increase the effectiveness and efficiency of internal controls, ensuring effective collaboration among various departments, seamless integration of different processes, and mutual promotion. Ultimately, this will facilitate the construction and implementation of the internal control system information system. Public hospitals should introduce information systems tailored to their specific needs,

integrating information sharing and business communication based on their actual situations. Relying on online automation, they can achieve integrated management and control of business and finance, thereby realizing unified management of business costs, asset management, and financial accounting, as well as efficient internal information transmission. Public hospitals can employ the Analytic Hierarchy Process (AHP) to construct a risk factor correlation matrix, setting the internal control system evaluation mechanism as a three-level risk assessment index. The first-level indicators focus on evaluating the internal control environment, including the establishment of a leadership team, clarification of team members' responsibilities, evaluation of work efficiency at various levels, and information transmission and communication capabilities. The second-level indicators concentrate on medical risks, fixed asset risks, procurement risks (such as how to centralize procurement business management and track the use of purchased items), financial risks, budget and final account control (e.g., ensuring the accuracy of budget preparation, avoiding over-budget expenditures, and ensuring compliance of expenditure activities), and income and expenditure risks. The third-level indicators emphasize the standardization of equipment and drug procurement processes, bill management, fund usage systems, information system operation (including centralized management, regular information system maintenance, and integration of main business internal control modules), operating cost control, and supervision of medical waste disposal. By combining quantitative and qualitative analysis, hospitals can assess current capital return rates, budget accuracy rates, and total asset turnover rates, effectively avoiding significant internal control deficiencies and reducing the incidence of internal control risks^[7].

4.4. Increasing the utilization rate of funds and strengthening asset management in public hospitals

Improving the efficiency of hospital fund usage can further enhance the economic benefits of hospitals. Relevant personnel must use funds legally, reasonably, and compliance-wise, ensuring proper and appropriate fund utilization for the stable, safe, and sustainable development of the hospital. When purchasing medical equipment, hospital procurement personnel should first consider whether the equipment is necessary for the hospital and strive to purchase high-quality and reasonably priced products. Regular inspections of hospital equipment and instruments are essential, with proper disposal of aged and obsolete equipment and professional cleaning and maintenance of functional equipment to extend their service life. Financial personnel should accurately calculate equipment depreciation to ensure accurate asset valuation^[8].

4.5. Improving the evaluation of internal control systems in public hospitals

By further improving the internal control evaluation system, hospitals can reflect the scientific and reasonable nature of the internal control system and the overall implementation of the internal control system. When improving the evaluation of the hospital's internal control system, the following two aspects can be considered.

Evaluate whether the hospital's internal control system is standardized and complete and whether it can comprehensively and multi-dimensionally protect the integrity of various assets of the hospital. At the same time, during the evaluation process, it is necessary to assess whether the established internal control system aligns with the strategic development of the hospital under the new situation and whether it fits the current actual situation of the hospital. The construction of the internal control system will supervise and restrain various economic behaviors of the hospital.

Evaluate the feasibility of the hospital's internal control system. At this stage, the weakening or failure of many hospitals' internal control systems is essentially due to the inconsistency of the adopted internal control

system with the actual situation, its detachment from reality, and insufficient practicality, resulting in poor effectiveness. Therefore, hospitals need to implement the evaluation of the internal control system, evaluate the operational system from multiple perspectives such as practicality and effectiveness, timely identify deficiencies in the current operational system, and then propose optimization suggestions to promote the optimization of the internal control system.

5. Conclusion

In summary, hospitals are an essential component of China's medical industry, playing a vital role in maintaining people's healthy lives and stabilizing socio-economic development. With the gradual implementation of the new medical reform policies, public hospitals need to attach great importance to the construction of internal control systems, strengthen organizational leadership, and urge all employees to actively participate. The construction of the internal control system involves all departments, covers multiple levels, and is challenging. Departments need to strengthen communication and implement rights and responsibilities. Starting from their actual situations, hospitals should continuously improve their internal financial management control systems, innovate financial work, and implement financial internal control measures. To ensure the sustained and stable development of hospitals, it is necessary to address some current issues in financial management internal control work and take effective measures to resolve them^[8]. Additionally, public hospitals need to strengthen publicity and training to help staff deeply understand the relevant knowledge of the internal control system. In the process of building the internal control system, risk management should be further strengthened, and a comprehensive risk management system should be established based on the work characteristics and needs of each department. It is also necessary to enhance information construction, integrate internal control system norms into the internal control system, standardize work processes, achieve information sharing and application, and continuously improve work efficiency. Internal control construction is a long-term task, and public hospitals need to develop comprehensive work plans and steadily advance various tasks to promote high-quality development in public hospitals^[9].

Disclosure statement

The authors declare no conflict of interest.

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