

## **Study on internal control norms of sports institutions of the new COSO framework in Gansu**

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**Abstract.** in order to adapt to China's economic system reform and the reform of institutions of the requirements, we should establish and perfect the management system of institutions, norms of internal control institutions will inevitably become the problems to be solved. According to the requirements of COSO system components of the new framework, this paper investigates and researches on the current situation of internal control of Z Sports Bureau, analysis of the main problems of sports institutions internal control in Gansu province, puts forward the safeguard mechanism and standardize the internal control recommendations, in order for the sports institutions internal control norms provide a useful reference.

### **Introduction**

COSO (Committee of Sponsoring Organization) “internal control integrated framework” that internal control by the leadership, execution management and staff together, the business activities of the organization through the control environment, risk assessment, control activities, information and communication and supervision committee COSO.2013 released the five elements of internal control a new framework, clear the goals set in the internal control role, strengthen the concept of corporate governance, increase the anti fraud and anti-corruption, considering the needs of different business model and organizational structure of the internal control, suitable for different types of enterprises, business organizations.

With the national emphasis on sports, financial investment is increasing continuously, inevitable requirement of sports institutions to strengthen internal control, improve the internal mechanism of balance of power, strengthen the compliance of government use of fiscal funds. Due to the unclear structure of property rights of administrative institutions in China, the internal motivation of the implementation of internal control of sports institutions is insufficient, and has become an important bottleneck restricting its healthy development. And, the regional economic development level and the administrative capacity is not balanced, the sports institutions of internal control are also quite different. Therefore, in accordance with the new system elements of the COSO framework is of great realistic significance to Research on unit sports internal control standard.

### **The basic situation of internal control of sports institutions in Gansu Province Based on the new framework of COSO - Taking Z Sports Bureau as an example**

**The current situation and main problems of internal control of Z Sports Bureau.** Z Sports Bureau (specific sports institutions, the same below) is the institution directly under the Z municipal government in charge of the city's sports work, is to implement the national civil service institutions. Sports Bureau office, management department, sports department, training department of youth sports competition, science and other functions of the 5 departments, under the jurisdiction of 1 the section formed the stadium. Sports Bureau is mainly responsible for the implementation of national and provincial policies and regulations, the implementation of the national fitness program; guidance to carry out mass sports activities, sports activities and

training backbone citizens' physical monitoring work; guide the excellent sports team construction, guide the construction and amateur sports school sports work; to guide the construction of public sports facilities, sports venues for the management of Sports Bureau. Currently employees 19 people, including county level cadres 5, 6 level cadres, the general staff 8 people; 3 graduate school, 10 undergraduate, large There are 14 people, 2 people in senior high school and below

**Control environment.** First, the organizational structure of sports bureau party secretary is responsible for the current implementation and combination of leadership system, major matters of party secretary is the highest resolution unit, personnel administrative units, other members of the party in charge of the various business departments, functional departments responsible for specific business units. Although developed a control mechanism, but the actual implementation when the party authority is supervision and inspection agencies, it is difficult to implement. Party members by professional sports administrative and financial audit, lack of knowledge, the effect of the implementation of internal control system. Second, system construction. Sports Bureau has established financial management, asset management, project management, staff training and attendance management but the existing management system, the system is passive according to the superior administrative departments and business requirements, and part of the management system lags behind the development, Can not be carried out to provide guidance for the work. Third, human resources management. Because the Sports Bureau staff to enter the most number, the low level of education, professional workers constitute a complex, lack of necessary post literacy; because the unit has no reasonable reward system to restrain the staff daily behavior, oral education understatement makes employees late, leave early, frequent phenomenon because the unit; training form, lack of practical training, new recruits post adaptability is generally weak.

**Risk assessment.** By traditional thinking, Z Sports Bureau Management at work rarely take the initiative innovation, as long as follow the normal management mode will not be a big problem. The lack of awareness of risk to units without internal risk assessment and risk control mechanism, risk prevention work is just a mere formality. As directly under the municipal government institutions in charge of the city's sports work, in the course of the business in the risk from time to time, lack of management layer awareness of risk, will inevitably lead to unexpected accidents, just think of a way to remedy this embarrassing situation, there are security risks for the units and the public.

**Control activities.** In accordance with the provisions of the financial system and institutions, Z Sports Bureau has established a relatively perfect system of accounting control, covering the division of work and responsibilities of financial personnel, process and standard accounting work, accounting archives safekeeping and security aspects. First, the control of fixed assets fixed assets. The unit contains built-in office buildings and office equipment, the management department is responsible for the daily management of the unit. In accordance with the provisions of the purchase of assets to establish compliance procedures, physical assets card management, and require periodic inventory assets and year-end inventory, the necessary maintenance according to the characteristics of existing fixed assets assets. The problems in the process of one is the management is not in place, due to centralized asset management departments, the Department does not specify a specific management personnel, widespread heavy quantity light quality management problems, has seriously affected The useful life of the asset; the account is not timely, the management of assets in conjunction with the departments in the implementation of the inventory, the inventory found inconsistent accounts or assets have no value in use, if pursue the responsibility of management, financial personnel are generally not timely asset accounts, accounts inconsistent phenomenon has occurred. Second, monetary funds control. Because business activities are relatively professional sports bureau, capital is relatively simple, the monetary fund involves only cash, bank deposits and cheque business, contribute to the all-round monitoring of the movement of capital, discover and solve the problem. But there is still money management risks, financial work without rotation system a cashier, people receive cash inventory, bank statements and the preparation of bank balance sheet adjustment, no internal check.

**Information and communication.** Z Sports Bureau is in charge of the work of the Municipal

Sports unit, to carry out timely report to the superior department in charge of sports activities, and to report to the government departments at the same level of budgeting, implementation and use of funds, but also to convey the subordinate business department policy, the task of establishing a "guidance." We Chat sports online public number, for the release of all kinds of business information, but due to the lack of relevant information management system, supervision is not in place, collect information and still use the escalation, affecting the authenticity and timeliness of information dissemination of foreign.

**The internal supervision and Z Sports Bureau's long form.** The original unit is provided with the discipline inspection and supervision of the specialized agencies of the government agencies, but because of Z, uniform adjustment, discipline inspection and supervision of business and personnel have been placed under the City Commission for Discipline Inspection Management, the audit business units according to the provisions of Z, adjusted by the audit bureau of centralized management, no unit the audit departments and audit staff, lack of supervision of the management layer and service layer.

### Sports institutions internal control problems analysis in Gansu province

Because sports is an important part of Gansu province sports institutions, other sports institutions of the internal control environment and Sports Bureau is similar to that of the internal control system and the sports bureau is similar, so through the analysis of the present situation of internal control of Z Sports Bureau, summed up the Gansu provincial sports institutions internal control is not perfect the specific reasons.

**Control system is not perfect.** Perfect internal control system can make the internal control activities do have according to the rules, make internal control process more orderly and standardized. Through the above analysis, the sports institutions, although according to the provisions formulated relevant working regulations and management system, but the internal control system is not comprehensive. The lack of systematic and integrity, and the existing system is mainly used to standardize the work of the consequent process, obvious lack of adverse feedback correction, anti risk, accountability system. Some units even the internal financial management system as the internal control system, internal control system construction can not meet the needs of management.

**Weak control environment.** First, the setting of organization. The Gansu province sports institutions with national policies and regulations, the higher authorities of administrative instruction institutions and personnel management, because after several restructuring, widespread large agencies, personnel redundancy. Second, personnel management. Although all units in recent years on the implementation of talent shortage public selection, but the gap is limited, good staff recruiting is very rare; due to the staff performance evaluation becomes a mere formality, the lack of a good learning environment, promotion channels, staff service quality can not be substantially improved.

**The budget management system is not perfect.** First of all, not enough budget execution. Sports institutions tend to use the base budget, comprehensive budget reform advocated by the "zero based budgeting method has not been effectively implemented, the arrangement of funds is not completely according to the staff, determine the progress of the project, the implementation of the temporary spending and plan expenses to make budget and actual deviation. Secondly, the lack of effective feedback analysis system. Sports institutions generally by the financial sector accounting after the implementation of the budget feedback to various departments, new situations and new problems that cannot be treated in time; although each quarter, submit a budget report, but the report often a mere formality, problem analysis is not thorough, can provide a reliable basis for the adjustment of the budget and assessment. Thirdly, lack of supervision and evaluation mechanisms. Financial management system is not perfect, caused by the The expenditure management and control is not enough; the lack of assessment mechanism makes the social benefits of the use of funds can not be judged scientifically; the incentive mechanism of the budget and the accountability mechanism can not be effectively implemented

**To control the activities of the implementation is not in place.** First, implementation of the internal control system is weak. Because control measures is not reasonable, the control process is not perfect, the sports business units of the "handle special cases with special methods" phenomenon have occurred, with the urgent need of handling or unconventional business tend to follow the instructions to handle after the formalities, expenses exceed the standard by the leaders you can agree to audit reimbursement, use management authority to override control system, the internal control form. Second, financial management is not valued. The impact of internal control efficiency is affected by the operation status of the financial system, but the sports institutions of the financial work generally "service" "light management", that the importance of financial accounting instead of financial management, and financial service quality uneven, professional training is not in place, leading to the financial work of the unit base is relatively weak.

**The effective internal control supervision and lack of supervision and enforcement of internal control.** According to the principle of phase separation, the internal supervision should use its own independence to supervise the economic activities. Although the internal audit agency is dedicated to fulfill the independent supervision within the Department, but some sports units in accordance with the organization of the Department shall be revoked; although some sports institutions audit work performed by the discipline inspection and supervision departments of discipline inspection and supervision departments, but fewer personnel, lack of professionals, resulting in the design work effect is not obvious. In practice, the internal audit institutions belong to the sports oriented accounting audit, the correctness of the main examination unit of accounting records, capital security, implementation complete the project expenditure and policy legitimacy and budget, some units even will be responsible for the audit work by financial personnel, ignore the internal audit The principle of unity of responsibility, right and benefit

### **The guarantee mechanism of internal control of sports institutions in Gansu Province**

**Organization.** First, create a good environment. From the central ministries and provinces experience in Gansu province sports institutions to carry out the policy publicity and business training, help the units to establish risk prevention awareness. And combined with the construction of clean government organs and a pair of responsibility, clear the main responsibility of the unit number the internal control and the first responsibility consciousness, make internal control concept deeply rooted. Second, construct the perfect organization. The units should be based on the implementation of internal control, combing the original internal organs duties, in accordance with the principle of balance, adaptability and internal control system set up institutions, institutions of responsibility establishment, to ensure that the unit the decision mechanism, execution mechanism, supervision mechanism of mutual separation and mutual restraint, to effectively deal with the major economic activities. Third, personnel equipped with qualified business units. The key of sports The main job is the budget management, budget management, project management, service level management positions. All units in key positions and division of responsibilities, should focus on the analysis of the key position of the authority and relevance, to ensure the separation of incompatible duties, and according to the requirements, choose the comprehensive business ability of the staff allocation in the key position. Strengthen the incentive mechanism through the organization of professional training and enhance their professional skills and comprehensive quality, to ensure the enforcement of the internal control unit.

**Security system.** Firstly, a sound system of decision-making. All units should be clear the decision-making staff, responsibilities, scope, procedures and accountability mechanisms, in order to avoid fraud corruption in decision making units. Secondly, improve the internal control system. All units should be in accordance with the requirements of the internal management of the new framework and COSO industry, perfect the internal control system, and the system of internal control management, budget management, budget management and other business system are compiled, to ensure that the internal control of the main business to carry out the work of rule-based,



evidence-based.

**Technical support.** The internal control system of the unit by the interrelated business activities. In order to change the management control block, the information island situation segmentation, the sports institutions should take management information for the bridge, designed the internal control management system, the information system embedded in the program to boost internal control, normal development. Among them, e-government and the information construction of high level units, should be supported by technical software vendors, optimize and upgrade the existing information system, expand internal control function; informatization construction is lagging behind the unit, should take control of the integration of combining online and offline, the risk to a manageable range.

**Supervision.** First, the internal supervision and internal supervision. Should be established within the control and implement its functions independently, not by the internal control led by the departments, should generally be in the internal audit department as the implementation of the main body, or specify the discipline inspection and supervision departments to perform internal oversight functions. Second, external supervision and external supervision can be effectively avoided. The independence of the limitation of the internal supervision and implementation of the main responsibilities, and can objectively reflect the unit's leadership and internal oversight function, it should be subject to sports institutions of higher authorities and all levels of finance, auditing, discipline inspection and supervision departments.

### **Sports institutions internal control norms recommendations in Gansu province**

**Control environmental regulations.** First of all, should improve the organizational structure and internal control system should be improved. Party meeting on understanding the importance of internal control, the main person responsible for the unit should establish the concept of post responsibility, improve the party meeting constraint system and accountability system, carry out internal control duties; combined with the practical business units, and improve the internal control system security guidelines and establish independent of other departments of the audit committee, the recruitment of professional auditors, regularly carry out internal audit work. Secondly, we should strengthen the management of human resources. Through the development of "employees' behavior norm > constraint staff behavior, through the organization of expert seminars or training to enhance staff professional quality; open and fair recruitment professionals, fair competition decision the personnel assessment and promotion.

**Risk control rules.** First, goal setting is reasonable. The overall goal of control of the Gansu province sports institutions internal guide mass organizations to carry out sports activities and sports industries. The unit project management business activities include the administrative examination and approval of the fair, safe operation of industry, according to statistics the number of accurate, fast and efficient service to provide other financial activities; the target includes financial information is accurate and complete, efficient use of public funds, state-owned assets safety and integrity of financial activities, legal compliance. Second, comprehensive risk identification. Facing the sports unit business risks are mainly administrative examination and approval of safety risk, regulatory risk, or risk, financial risk include asset security risk, financial risk to a shortage of funds. Approval risk, risk allocation of funds, special funds misappropriation risk. Third, risk response. Accurate risk aversion, risk reduction, risk sharing and Risk tolerance is a common strategy to deal with the risk, the sports institutions should respond according to the harmfulness and the variability of risk, asset security risk, risk of a shortage of funds can be used to reduce the risk of policy, risk type rest should adopt risk avoidance strategies.

**Specification.** Control activities should first improve the business process. The business process should be strictly in accordance with the administrative examination and approval departments of the applicant to submit materials, Department of audit materials, submit the relevant resolutions of the meeting and the meeting of the public basic operation process; data statistics work process should be subordinate unit summary report, field counterparts summary of data verification, and report to the leaders in charge of review related meetings by reporting. Secondly, should strengthen

the main asset management. Cash should implement zero balance plan, strict implementation of accounting job rotation system of separation of incompatible positions, timely check the cash account, money to ensure the safety and integrity of funds; we should improve the centralized management system of fixed assets, asset custody the implementation of specific posts and personnel, and improve the inventory system, as an important asset with video surveillance facilities, for the possibility of a larger loss Asset purchase necessary security insurance.

**Information and communication specification.** Units should establish multi-channel information communication mechanism, make full use of micro-blog, WeChat, QQ group and other information exchange platform, the release of accurate business information, to ensure the real-time interaction with the user; it should improve the information feedback mechanism, ensure accurate and transparent information, to ensure the public's right to participate; should consciously accept external oversight the disclosure of information to the public, enough to get rid of public accountability, to solve the problem of asymmetric information.

**Supervision and inspection specification.** Units should establish the evaluation mechanism of the implementation of internal control, on the basis of standard evaluation model and evaluation index, evaluation of internal control results were celebrating the significant effect of the Department and staff of illegal operations, serious treatment, and through the evaluation found that the deficiencies and defects of the internal control system, put forward the improvement proposal unit. It should give full play to the effectiveness of external supervision, regularly employ accounting firms on the unit accounts, internal control system construction and implementation of efficiency audit.

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