

## Original Paper

# Analysis and Optimization Measures of Fund Control Issues in Enterprise Groups

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### Abstract

*Enterprise groups have the characteristics of numerous subordinate enterprises, dispersed regions, multi-level legal entities, complex management, and capital flow running through various links such as procurement, production, and marketing. Funds are the lifeline of enterprises, and only when the level of fund control is at a certain level and adapted to the current development of the enterprise, can the survival and development of the enterprise be guaranteed. In recent years, incidents of payment crises and even bankruptcies have repeatedly occurred in well-developed enterprises due to poor financial control. Therefore, strengthening the control of enterprise group funds has become an urgent problem that most enterprise groups face in their development.*

### Keywords

*Enterprise groups, Financial control, Optimization measures;*

## 1. The Significance of Optimizing Fund Management and Control

### 1.1 Able to Leverage the Aggregation Advantage of Funds

Enterprise groups can access a wide and smooth range of financing channels and means, and can gather the financing channels of various member enterprises. Through centralized management, unified scheduling, and flexible allocation, they can timely finance the operation of funds at lower costs and higher quality when member enterprises need them.

### 1.2 Can Improve the Efficiency of Fund Utilization and Reduce the Cost of Funds

Moderate centralized management and unified allocation of funds within the group is beneficial for activating funds, accelerating fund turnover, reducing the total amount of bank loans, thereby improving the efficiency of internal fund utilization and reducing capital costs.

### 1.3 Beneficial for Preventing Financial Risks

Enterprise groups must achieve real-time dynamic management of funds, and centralized and unified

financial management based on network office is the foundation of dynamic management. On this basis, referring to the latest scientific indicator system, real-time analysis of fund status and effective prevention of financial risks are carried out to achieve intensive management of funds, achieve effective dynamic control of enterprise group business activities, and ensure the safety of fund use.

#### *1.4 An Effective Fund Control Model Is Conducive to Coordinating with the Strategic Development of the Group*

The optimization of enterprise fund management requires balancing the comprehensive impact of various factors such as enterprise development strategy, enterprise size, industry characteristics, information technology level, and environmental change speed. At the same time, control and incentive issues need to be considered, such as budget management level, performance system, reward and punishment mechanism, supervision cost, incentive intensity, etc. Building a fund management and control model that adapts to the development needs of the group, making it operate effectively, with adequate supervision, ensuring the preservation and appreciation of state-owned assets, is of great significance for the survival and development of enterprises and driving the development of the social economy.

## **2. Analysis of Possible Problems in Fund Control of Enterprise Groups**

### *2.1 Lack of Strategic Financial Control*

In the face of the current market environment, the group should adjust its development strategy in a timely manner, and the fund control model should also be innovatively adjusted to adapt to the group's development. Group enterprises often issue documents to their subsidiaries requesting to strengthen centralized fund management, but no changes have been made in actual work. Only when the group's fund control mode is compatible with the group's strategy can the implementation of the group's strategy be ensured. A reasonable fund control mode should be selected based on the characteristics and development stages of the group's fund control to ensure the rationality of the enterprise's fund control.

### *2.2 Incomplete Fund Management System and Implementation*

With the improvement of the group's fund management level, various fund management systems of the group have gradually been established, but some systems are only established to fill in gaps after problems arise; Some systems were not given sufficient attention by subordinate enterprises in the early stages of establishment; Some systems are not fully covered and their implementation is not fully implemented, resulting in the inability to meet the funding needs of the group's strategic development and the inability to form a scale effect on funds.

### *2.3 Lack of a Sound Budget Control System*

The group has not established a sound and effective fund budget management system, which has led to a lack of basis for the group's business decisions. Most of the time, it only relies on the management experience and forecast estimates of the management personnel as the source of fund budget data. The group has established a fund budget management system, but some subsidiary companies of the group

have not organized actual production and operation activities based on the fund budget, and the monthly budget reported is only to meet the needs of the group company.

#### *2.4 Lack of Financial Monitoring Efforts*

The group lacks comprehensive understanding of major decision-making information such as investment and financing situation, fund income and expenditure, and profits of its subordinate enterprises, resulting in a high degree of arbitrariness in investment decisions. With the deepening of the market economy system reform and the transformation of enterprise management mechanisms, enterprise groups have put forward higher requirements for the fund management center in areas such as fund financing, transaction settlement, and accounting information feedback. The group needs to develop new management and accounting methods to adapt to it, and the promotion of networked accounting information also requires high-quality and secure financial management software to ensure the efficient operation of fund control.

#### *2.5 There Is an Issue of Mismatched Management Software*

The connection problem of fund management software mainly lies in the connection between internal enterprises and internal groups. The main problem within some enterprises of the group is the mismatch between fund management software and other business management software, especially financial management software. The settlement system of the group's fund management center has not yet been integrated with the internal management software system of some enterprises. This not only fails to achieve the sharing of data between the fund management center and the financial system, but also causes many repetitive tasks, and cannot provide more comprehensive and systematic resource information for the group headquarters, not conducive to the true unity of logistics, capital flow, and information flow. The fund management software within the group varies greatly, and each member enterprise continues to use the original software. There is no unified fund management platform within the group to ensure the uniformity of fund information, which makes it impossible to form internal information sharing and ensure consistent fund information management within the group. This is not conducive to querying and providing correct information for enterprise management decision-makers.

#### *2.6 The Performance Evaluation System Needs to be Fully Developed*

The group has been unable to effectively set performance evaluation indicators related to fund management in performance evaluation, and has not provided guidance and incentives in fund management, resulting in the particularly important aspect of fund management in group operations becoming insignificant and optional in evaluation. Especially for the management teams of various enterprises within the group, those unrelated to performance evaluation cannot be given enough attention.

#### *2.7 Weak Risk Control Awareness among Subordinate Enterprises*

The task indicators assigned by the group to its subordinate enterprises are relatively heavy and increasing year by year. Due to the fierce market competition and the completion of indicator tasks, subordinate enterprises have implemented their own methods and made every effort to complete annual

business tasks around budget assessment indicators. As a result, a small number of enterprises have broken through the risk bottom line and bypassed the group's control process, leading to operational risks and increasing the difficulty of group fund management.

### *2.8 The Quality of Professional Personnel in Fund Control Varies*

Everything depends on human factors, and a professional team of fund management personnel must be relied upon in system formulation, implementation, and control analysis. Currently, the group's personnel in fund management, whether at the group headquarters or in subordinate enterprises, have varying abilities and varying levels of fund management, greatly constraining the group's fund management capabilities. Moreover, the effectiveness of fund management personnel has not been fully reflected in employee performance evaluations, to a certain extent, it has affected their work enthusiasm.

In summary, the above analysis of the problems in the group's fund management and control indicates that the group needs to carefully analyze, study, and explore, and further revise and improve the system in combination with the actual situation, as well as strengthen the execution and control capabilities. The group's fund management and control model should constantly adjust its work ideas with the development of the group. With the continuous transformation and development of the group's strategy, the previous fund management methods and settlement methods can no longer meet the needs of development. The group should timely choose a fund control mode that is more suitable for the needs of the group's development, while paying more attention to considering the management risks and cost reduction of funds, in order to meet the needs of the group's strategic adjustment.

## **3. Optimization Measures for Group Fund Management and Control**

### *3.1 Strategic Improvement of Fund Management and Control*

The group needs to establish an effective fund management and control model to cooperate with the group's strategic development, and to avoid financial and funding risks brought about by investment and business activities has become a problem that the group's management considers and faces. In fact, the optimization level of enterprise fund management needs to balance the comprehensive impact of various factors such as enterprise development strategy, enterprise size, industry characteristics, information technology level, and environmental change speed. At the same time, control and incentive issues also need to be considered, such as budget management level, performance system, reward and punishment mechanism, supervision cost, incentive intensity, etc.

### *3.2 Strengthen the Construction of Fund Management System*

The group should establish a scientific and reasonable centralized fund management system, which generally includes three levels: management system, job system, and job division system.

(1) Management system. The management system of the group should mainly cover three aspects: administrative management system, financial management system, and fund management system. Among them, the fund management system is further divided into management methods, job

responsibilities, and operation process regulations, which serve as an important basis for fund management personnel to carry out fund business processing work. Other management systems can also include budget management system, settlement management system, report management system, fund income and expenditure management system, as well as information management system and other related regulations.

(2) At the level of job system, it can be seen as a job operation manual developed by enterprises based on the actual work content and requirements of various positions such as accounting audit, cashier settlement, or credit business processing, and by establishing corresponding records to clarify the responsibilities, authority, and work procedures of each position.

(3) The focus of the job division system is to make clear regulations on the work content and requirements of each fund management personnel, while also suggesting corresponding records. The main purpose is to avoid the operability of the job system due to the phenomenon of one person holding multiple positions or one person holding multiple positions. In addition, a good management system must be implemented by someone, so human management is particularly important.

### *3.3 Strengthen Fund Budget Management and Establish a Budget Control System*

Strengthening the budget management of the group's funds, ensuring the rationality and operability of the budget, can be required from the following aspects:

(1) The group should establish corresponding budget management systems and budget control systems, establish unified budget management methods, prepare unified budget reports, and develop a series of fund budget management mechanisms and manuals for each subsidiary company, strengthen the preparation, approval, execution, and assessment procedures of fund budgets, and strengthen the bill management system. The Fund Management Center conducts a reasonable analysis of the fund budget, dynamically grasps the execution status of enterprise fund receipts and payments, as well as the distribution of funds, systematically summarizes the reasons for abnormal fund situations, and provides a report on the causes of fund situation analysis to enterprise managers, so that operators and decision-makers can better formulate relevant preventive measures and ensure the reasonable and orderly management of funds. At the same time, a complete budget management system for budget declaration, addition, and approval should be established to achieve pre prediction, in-process control, and post analysis of fund management.

(2) The financial center of the group should reasonably confirm the total amount of group fund raising and the balance of fund scheduling based on the daily fund needs of each subsidiary company, prepare fund utilization plans on a monthly, quarterly, and annual basis, and implement unified fundraising, utilization, adjustment, and management of group funds. Budget control of funds must include all income and expenditure in budget management, and establish strict approval procedures. A fund utilization plan must be formulated, and all fund payments should be executed according to the plan. Funds allocated by the group must be used for specific purposes, and unplanned funds must not be paid without approval. Strict control should be exercised over the procedures for pre - and during fund

expenditures.

(3) The group should implement hierarchical budget management for funds based on resource distribution and fund income and expenditure, according to the group management structure. A hierarchical budget system should be set up for different management levels to dynamically grasp the fund situation and clarify fund management responsibilities. The group establishes a standing capital decision-making body to approve and make decisions on major capital expenditures and investment and financing businesses. It makes judgments on the fund management plan and analysis of the fund situation proposed by the fund management center, and forms administrative instructions requiring subordinate enterprises and units to carry out management adjustments and rectification, supervise and inspect the execution of the fund budget. As a member enterprise and unit of the profit center, summarize and analyze the budget of its subordinate units and operating projects, manage the income and expenditure of funds, and monitor them in real time.

#### *3.4 Strengthen Fund Settlement Work and Fund Monitoring*

The management of daily fund settlement business is the basic work of the fund management center. The group fund management center should strictly limit the number of bank accounts opened, control the maximum limit of bank account funds, strengthen bank account management, and strengthen bank deposit management according to the daily fund settlement business processing process; Fully leverage the fund management and settlement functions of the fund management center, handle daily fund settlement, ensure the normal operation of funds, manage internal unit bank accounts, and do a good job in fund deposit and loan business; According to the relevant provisions of the fund management measures and fund risk management system, strict measures should be taken to manage online banking business, standardize and formalize the operation of fund online banking, and strengthen the confidentiality of fund management. In addition, it is necessary to strengthen cash management, bill management, and financial seal management, prevent operational risks in fund settlement business, enhance the quality education of fund management personnel, and improve the level of fund management. Further improve the internal control system, do a good job in accounting processing and transmission of settlement vouchers, strengthen the review of settlement business, clarify the rights and responsibilities of functional departments at all levels of the fund management center, and the procedures for scheduling, approval, and issuance. Improve the operational procedures for information collection and data analysis to ensure a virtuous cycle of group funds.

#### *3.5 Establish a Unified Fund Management Software for the Group*

The group can install and use a certain financial management software in all subsidiaries of the group, and each subsidiary can assist in using other financial management software according to actual needs.

#### *3.6 Improve the Performance Evaluation System*

Strengthening the management of personnel job responsibilities and assessing the ability of fund management personnel to fulfill their responsibilities is particularly important.

### *3.7 Strengthen Risk Control Awareness*

Each subsidiary of the group should strengthen its risk control awareness, do a good job in predicting and analyzing fund flows, and ensure the payment and debt repayment capabilities of the enterprise. According to budget management requirements, regular analysis of enterprise fund distribution and turnover should be conducted based on the summary of fund income and expenditure reports. Based on the development goals and various economic indicators of the enterprise's business strategy, as well as the analysis of the enterprise's investment situation, it is necessary to calculate the future capital demand of the enterprise and provide it to decision-makers on time. Strengthen the management of fund allocation, have a clear understanding of fund settlement expenses, and avoid the dangerous situation of enterprise fund chain rupture caused by excessive investment and excessive payment of funds and credit. Fund prediction analysis uses methods such as fixed prediction, ratio prediction, and fund habit prediction to predict future demand for funds.

### *3.8 Improving the Quality of Fund Management Personnel*

Fund management is a comprehensive application of modern management methods, bank settlement methods, and information technology, requiring versatile talents who understand finance, finance, information, and other fields. Therefore, the group needs to allocate some personnel with professional knowledge, continuously learn advanced management methods, cultivate advanced management awareness, and improve fund management. At the same time, it is necessary to strengthen the training of fund management personnel, especially the training of fund information management personnel, enhance the theoretical learning of fund management, improve the cognitive ability, application ability, and innovation ability of fund management work, and establish a professional team with modern enterprise fund management capabilities.

## **4. Conclusion**

In the face of the current market environment, the group timely adjusts its development strategy and changes its business strategy to adapt to the current development of the enterprise. As a result, the group's financial control has changed. Only when the group's financial control model is in line with the group's development strategy can the smooth implementation of the strategy be ensured. The efficiency of fund utilization in group fund control is low, and the distribution, stock, flow, and flow of funds are not very clear, which cannot efficiently support the business and investment activities of the enterprise, and thus it is difficult to ensure the realization of the overall strategy of the enterprise. In addition, the awareness of preventing financial risks is weak and the control ability needs to be improved.

The group can take optimization measures in strengthening the construction of fund management system, strengthening fund settlement work and fund monitoring, strengthening fund budget management and establishing a budget control system, strengthening fund settlement work and fund monitoring, establishing a unified fund management software for the group, improving performance evaluation system, strengthening risk control awareness, strengthening post fund supervision function,

and improving the quality of fund management personnel.

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