

# Internal Audit Promotes the Path of the Modernization of University Governance Capacity

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## ABSTRACT

Colleges and universities undertake the historical responsibility of realizing the great rejuvenation of the Chinese nation, and the Party attached great importance to it. The modernization of college governance and governance ability are directly related to the fundamental problem of “who to cultivate, how to cultivate people and for whom”. As an important part of systematized economic decision-making, standardized internal management and risk prevention and control normalization in universities, internal audit promotes the modernization of governance in colleges and universities and plays an important role in “checking, treating and preventing”. Based on the governance theory, I will study the modernization of governance capacity in colleges and universities, and build the path of internal governance audit to boost the modernization of college governance capacity from the aspects of audit system, organizational system, operation system, evaluation system on the macro, medium and micro levels of governance in colleges and universities.

## 1. Introduction

Colleges and universities undertake the historical responsibility of realizing the great rejuvenation of the Chinese nation, the party and the country. There are very few articles based on the perspective of governance audit, so in the audit implementation of this article, based on the established standard evaluation of governance responsibility activity efficiency and effect, I will focus on how to promote university management potential, improve governance efficiency, build perfect good system, strengthen the consciousness of use system, and enhance the level of application and transformation system efficiency. Internal audit can be conducted from the normative, democratic and orderly aspects of the participation of university governance subjects to define the governance boundary and governance scope of each subject, to prevent overreaching

and excessive execution, to establish an error correction and punishment mechanism of ineffective implementation and misplaced implementation, to ensure the effectiveness of implementation, and to boost the modernization of college governance ability<sup>[1]</sup>.

## 2. Literature Review of Internal Audit Boosting the Governance Ability of Colleges and Universities

Internal audit functions and audit scope have continued to expand. Both the Regulations on Internal Audit of the Education System in 2020 and Order No.11 of the National Audit Office in 2018 specify that the functions of internal audit work are to supervise, evaluate and suggest, and promote units to improve governance and achieve goals. Hong Rusong (2019) believes that the internal audit

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of universities should adhere to zero tolerance for corruption, analyze the causes of found problems, study and improve them, and implement internal control and risk management<sup>[2]</sup>. Audit serves the national governance and the organizational governance, and most of the literature focuses on the aspect that audit plays an important supervisory role. Wang Haibing (2018) believes that internal audit plays two roles in corporate governance: one is to supervise risks and be a first-line actor to ensure effective control, and the other is to act as an advocate of governance change. Li Xinwu (2020) believes that the internal audit needs a continuous dynamic audit of the problems in the company's strategic management.

To sum up, internal audit in universities, as a tool and structural mode to realize the modernization of university governance capacity, plays an important role. From the perspective of the type of internal audit business, most scholars and practitioners promote the reform by examination, improve the unit governance by examination, and give full play to the due supervision responsibility of internal audit. Most scholars discussed the formulation of the university system and the establishment of ideas, the system is not complete enough, the system design is not scientific enough, there is no effective implementation of the system provisions. Governance audit should focus on the improvement of the formulation system, the shaping of the system implementation ability and the transformation of the system efficiency. To promote the modernization of governance capacity is to adapt to the requirements of the time and constantly reform, and adjust to the mechanisms and systems of the development and in line with reality to transform these mechanism and institutional advantages into the efficiency of governance. We should constantly strengthen the implementation ability of the system, so as to achieve the improvement of governance capacity<sup>[3]</sup>.

### **3. Build an Internal Audit to Boost the Modernization of University Governance Capacity**

The essence of college governance is a series of institutional arrangements, and the core problem of college governance is to deal with the distribution of decision-making power. At the macro level, the main modern university system construction is the corresponding governance system; the relationship between external governance and internal governance, universities and government, universities and society, external governance and cultural audit, while internal governance can measure economic responsibility audit and focus on the power decision-making mechanism. The micro level is mainly the smooth operation and the effect of governance, that is, the operation system and the evaluation system, which can carry out the

internal audit business around the goal of the modernization of university governance.

What cannot be ignored in the system audit is the system execution. Measure system execution can be achieved from the following four aspects, that is, University Strategic Execution: research on development and organization implementation and the ability to build effective execution organization; University Leadership Execution: the ability of decision-making, effective leadership, plan, task completion; University Research Execution: the combination of university researchers, research strategies, research planning, and research resources; Clean University Execution: anti-corruption, strategic and organizational leadership, teaching and research.

#### **3.1 Improve Your Political Standing**

Only by improving the audit position can the audit work have a high starting point and high efficiency. Under the new situation, internal auditors should constantly enhance the political acuity and political identification ability. With the overall consciousness, internal auditors will analyze the long-term healthy development of colleges and universities, and put forward improvement and perfection on opinions and suggestions, reveal management problems and contradictions, and to promote internal audit work with focus, depth and scientific perspective in order to serve the development of colleges and universities, promote the effective implementation of the party and the national major decision deployment.

#### **3.2 Carry out Diversified Audits**

Internal audit departments can carry out business from institutional audit, strategic audit, cultural audit, regular audit and governance audit.

**(1) System Audit:** As an important link of the university management system, to improve the existing internal audit system plays a very important role in university development. In short, in order to strengthen and improve the internal audit of colleges and universities, and improve the quality of internal audit, we should improve the existing internal audit system, strengthen the specific implementation of the internal audit system, pay attention to and gradually enhance the independence of the internal audit departments, and actively implement the relevant audit policies. As the main body of audit activities, the standardization of internal auditors' written records in the daily audit work and the authenticity and accuracy of the reference data sources must also be emphasized and guaranteed, so as to ensure that the audit work has rules to follow, and improve the authenticity and reliability of

the audit results from the foundation<sup>[4]</sup>. In addition, the establishment of a reasonable audit evaluation system and supervision system is an indispensable institutional guarantee to standardize audit behavior, improve audit efficiency and optimize the audit environment. At the same time, universities should follow relevant national audit laws and regulations to keep pace with the time to develop suitable internal audit system, supervise on whether the internal audit system is a long-term, operational internal audit system in a big scale. In order to audit the responsibility system, universities should strengthen auditors professional ethics and responsibility, standardize internal audit behavior, reduce internal audit risk so as to improve the quality of internal audit and then ensure the realization of audit objectives.

**(2) Build an internal audit working mechanism:** Organizational mechanism, colleges and universities should establish internal audit leading groups headed by the main principals of the school, and composed of the functional departments of discipline inspection, supervision, organization, personnel, finance, internal audit and so on. The leading group shall formulate the audit work plan, the audit work system, and effectively plug the management loopholes to implement the audit task<sup>[5]</sup>. Universities should carefully study the problems and the suggestions put forward in the audit, then take practical measures, and solve the problems on by one. The internal audit cooperation mechanism in colleges and universities refers to that each audit organization and individual in the internal audit work system must have a clear division of labor, and cooperate with each other and then complement each other to ensure to give full play to the dual role of restriction and promotion of internal audit, and make the internal audit work effective.

**(3) Build an internal audit work culture:** Spiritual and cultural construction means that universities should improve the identity of financial management process optimization, make sure people know the meaning and goal of financial management, in this process, focus on the spiritual incentive and humanistic care, to unify the staff of the understanding of audit activities, fully mobilize the enthusiasm. Initiation and creativity in the financial management process optimization should encourage employees to pay more attention to the contribution to the enterprise. On the basis of individual and enterprise coordinated development, improve the staff's attention to the financial management process optimization. In order to ensure the independence and objectivity of internal audit, colleges and universities should in accordance with the newly revised national internal audit work document, the current rules and regulations of the school, from the man-

agement system, personnel responsibilities, implementation funds, results, accountability clear the internal audit should have authority, clearance of the status of internal audit institutions in colleges and universities, etc., in order to improve the internal audit system. At the same time, according to the actual situation of the school, the operable process of internal audit should be improved, the internal audit work should be standardized, and the professional behavior of internal auditors should be better restrained, so that the internal audit work can be carried out reasonably, legally and effectively. In addition, it is necessary to establish an accountability system to determine the seriousness of the audit personnel violations, violations and disciplines in their work, to clarify the consequences and responsibilities caused by the behavior, and to ensure that the internal auditors independently perform their duties in accordance with the law and regulations<sup>[6]</sup>.

### **3.3 Make Full Use of the Two Means of Audit Rectification and Accountability**

We will improve the accountability for audit rectification, establish an accountability system, a follow-up inspection system, and a performance assessment system, and evaluate the methods and contents of the audit rectification effect. Standardized accountability mechanism can effectively put an end to the subjective arbitrariness and incompleteness of accountability, and ensure the normality, objectivity and fairness of audit accountability<sup>[7]</sup>. The main leading personnel need fulfill the first responsibility of audit rectification, and increase publicity and make communication efforts, and improve the understanding of leaders and workers at all levels of the unit on audit rectification in order to cooperate to build an audit and rectification mechanism conducted by financial departments, business departments and management departments. In the process of implementation and investigation of problems found by audit, the internal audit department shall give play to the right to inspect, evaluate, suggest and report. The audited units shall implement them step by step and rectify within a time limit. The management department should take the rectification of problems as an opportunity to restrain them from the system and put an end to the recurrence of similar problems.

### **3.4 Strengthen the Construction of Audit Team, and Become a Think Tank of University Governance**

(1) Comprehensively improve the comprehensive ability of auditors. Due to the importance of the internal audit work in colleges and universities, the comprehensive ability of auditors should also be paid attention to and

improved. First of all, colleges and universities should establish the selection and appointment mechanism of auditors, control the access of auditors, and improve the quality of internal auditors from the source. Auditors' professional foundation should make a solid pass, and clarify the basic procedures and methods of internal audit work, be familiar with the internal management mechanism and operation general situation of colleges and universities, and also auditors have certain work experience of audit departments to get to the internal audit work of colleges and universities as soon as possible. Secondly, to pay attention to the professional ethics of internal auditors, thoroughly study and implement Xi new era of socialism with Chinese characteristics, earnestly experience general secretary Xi's important speech spirit at the first meeting of the Audit Commission of the CPC Central Committee, to deeply grasp the responsibilities and mission of the new era of audit which is to improve auditors' sense of mission and responsibility, to do pragmatic, and no fraud, put the internal audit work into practice. Thirdly, colleges and universities should pay attention to the follow-up education and training of auditors, implement the training mechanism and follow-up education system of auditors, and also regularly conduct professional training for auditors on risk awareness and the latest audit system policies and professional knowledge, so as to improve the professional ability level of auditors. In addition, colleges and universities should also encourage auditors to strive to improve their comprehensive quality. From ways like obtaining professional qualification certificate, after-campus internal audit exchange, participating in subject research, auditors can improve their theoretical level, analysis ability, written and oral expression ability in many aspects. Finally, attention should be paid to the cooperation and communication between internal auditors, and an appropriate incentive mechanism should be established so that the cooperation of auditors is no longer limited to the daily audit work, but on improving the ability of cooperation and labor on the basis of exchanging work experience and strengthening the contact with the administrative departments of other colleges and universities. In the regular assessment of auditors, universities should pay attention to the actual working ability and working attitude of auditors, so that the audit team can have a benign competition atmosphere in the audit team. The above measures will ultimately help to improve the comprehensive quality of the internal audit department personnel, and contribute to the smooth development of the audit work.

(2) Integrate audit resources. First of all, the human resources of the internal audit work of colleges and universities should be integrated. We want to optimize the struc-

ture of internal auditors in colleges and universities. In universities which lack audit talents, we should strengthen the staffing of auditors and increase our audit posts to a certain extent. In the introduction of talent process, comprehensive talents with strong audit knowledge, accounting knowledge, statistics and computer skills should be introduced. In addition, internal auditors in universities should also improve their comprehensive quality. Schools should set up regular training systems to regularly train professional skills for auditors. The school should also provide communication opportunities, and improve the professional ability and professional quality through communication and learning with different audit institutions, then carry out comprehensive business training work, so that auditors can constantly receive new knowledge in audit field. When conducting internal audit work in colleges and universities, the staff of multiple departments should be gathered to complete the audit work through cooperation. While reducing the workload, we can also complement our colleagues in other departments and learn from each other. Through the exchanges and cooperation of different departments, the long-term development of universities can be jointly promoted; Secondly, the internal auditors should use the corresponding audit software to make the audit content data accurate. And the conversed data are also easy to be centrally managed, such as the preliminary plan of an audit work, audit suggestions and so on. Auditors within universities can use computer to record and store the corresponding audit data in an electronic information way. At the same time, it is also conducive to analyze the data of the computer (sub-) files to find out the unusual data information.

(3) Carry out professional training activities. With the development of information technology and the deepening of the reform, plus emergence of new knowledge, new technology, new methods, colleges and universities should establish internal audit continuing education system, let internal auditors participate in regularly training, improve update professional knowledge system, and pay attention to horizontal and vertical communication and learning, broaden the horizon, open audit ideas, keep pace with the time<sup>[8]</sup>.

## 4. Conclusions

In short, governance theory and university governance theory have been studied a lot by scholars at home and abroad. To promote the modernization of governance capacity, we need to adapt to the requirements of the times and constantly reform and development of mechanisms and systems in line with reality, and transform these mechanism and institutional advantages into the efficiency

of governance, and constantly strengthen the implementation ability of the system, so as to realize the improvement of governance capacity and build and improve the fine system, strengthen the awareness of the system, enhance the efficiency of the application and transformation of the system. The role of internal audit is to promote the unit to improve the governance and achieve the goal, and plays a role in the responsibility of supervision, evaluation and suggestions. As an important part of the scientific economic decision-making, standardized internal management and normal risk prevention and control in colleges and universities, most audit practitioners discuss the construction of “double first-class” in universities from the specific audit business types of economic responsibility audit. Governance audit should focus on the improvement of the formulation system, the shaping of the system implementation ability and the transformation of the system efficiency. With the participation in the normalization, democracy, in order, and take systematization as a bridge, auditors should decompose university governance in the aspects of macro, medium and micro. Internal audit need improve “hard power” and “soft power”. Through system audit, cultural audit, strategic audit and normalized audit, to promote reform by auditing, and establish punishment mechanism on poor execution and dislocation error correction, ensure the effectiveness of implementation, to promote the modernization of university governance ability.

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