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# Financial Risk Control under Financial Sharing Mode

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***ABSTRACT.*** *With the overseas expansion of enterprises, the maintenance of repeated basic accounting by a single business department is becoming more and more uneconomical, and the financial sharing model is gradually recognized by more and more enterprises. This paper starts with the new risks and challenges in the new environment and constructs the financial risk control mechanism.*

***KEYWORDS:*** *Financial sharing, New financial, Risks risk management*

## 1. Introduction

In the 1990s, with the continuous expansion of enterprise scale, more and more enterprises are facing the market characteristics of globalization, merger, integration and acquisition. The increasing number of subsidiaries and branches has also brought great challenges to enterprise management. It requires enterprises to reduce costs and enhance competitiveness with standardized operations. Among them, the effective way to improve the efficiency of management is to transfer some specific functions to a central location for "intensive" management, shared service center came into being, and originated from the financial department. At the time, a number of large decentralized enterprises expected to centralize basic transaction processes such as payroll, procurement and accounts payable and sell back these services to each business unit at cost.

## 2. The Meaning and Significance of Financial Sharing Model

### *2.1 Meaning of the Financial Sharing Model*

Many scholars at home and abroad define the concept of financial sharing mode, according to the authority of the International Financial sharing Service Management Association :" Financial sharing mode is to rely on information technology process to deal with financial business, the purpose is to reduce operating costs, standardize business processes, improve business processing efficiency, optimize organizational structure, and provide professional production

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services to internal and external customers from a market perspective “.

### *2.2 Significance of the Financial Sharing Model*

Different from the traditional financial management mode, the financial sharing mode realizes the standardization and standardization of the business processing process by integrating the financial department of the internal repeated construction, and then reduces the operating cost of the enterprise.

(1)Reduce operating costs and improve the quality of financial management. Under the mode of financial sharing, when enterprises deal with accounts payable, accounts receivable, detailed accounts and general ledger, they are no longer accounted by subsidiaries and branches separately, but by the financial sharing center of the head office for intensive processing, which greatly saves the financial operating costs of enterprises. In addition, this model can solve the problems of financial accounting system is not uniform, accounting method is inconsistent, financial statement management rules are not uniform to a certain extent, so it can improve the quality of financial management.

(2)Shorten the time of accounting information transmission and improve the ability of risk control. In the past management mode, the accounting information of each business unit exists in isolation, lacks effective communication and information exchange, and the accounting information is transmitted through layers of financial departments at all levels, which is not only easy to cause information distortion. It also loses the timeliness of information. According to the mode of financial sharing, each financial department can speed up the transmission of accounting information through ERP system, image management system and other support systems, enhance the understanding of the business situation of each business department, strengthen the ability to control the enterprise risk, and reduce the financial risk of the enterprise.

(3)Strengthen the competitiveness of enterprises and promote the realization of strategic objectives. If enterprises want to be invincible in the fierce competition, they need to obtain the best technology and business processing process at the lowest possible cost. The financial sharing model will support the coordinated operation of systems, systems and operating systems, integrate and process the relevant accounting data of various business departments, improve the accuracy and timeliness of accounting information, mine the depth and width of financial data, help enterprise managers to make scientific and accurate strategic decisions, improve the core competitiveness of enterprises, and promote the realization of enterprise strategic objectives.

## 3. Financial Risk Control under Financial Sharing Mode

Under the mode of financial sharing, the accounting processing and accounting business of financial departments at all levels have been reintegrated, the complex business processes and steps in the past have been abandoned, and the unified

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standardized processing process has been adopted to make the financial operation more accurate and standardized.

### *3.1 Content of Financial Risk Management*

Financial risk control is to identify and measure the financial risk, and take appropriate measures to manage and control, and finally achieve the lowest possible cost to ensure that the loss to the minimum effect. The core work of financial risk control is to analyze the risk and income synthetically, and to minimize the risk under the condition of obtaining the maximum income. For enterprises, the biggest characteristic of financial risk is objectivity, that is, risk exists all the time and everywhere. Financial risk exists in every enterprise and can not be completely eliminated. Enterprise financial risk control is to reduce financial risk, reduce losses while improving the interests of business operations, to achieve the goal of profit maximization. From the macro point of view, financial risk control is a comprehensive management function, which consists of risk identification, risk measurement and risk control.

(1)Risk identification. Risk identification refers to the qualitative judgment of risk before the occurrence of risk accident, the use of various technical methods to collect and identify the various risks faced and the potential root causes of risk analysis. Risk identification is the first step of financial risk control. Only by accurately identifying the financial risks existing in enterprises can we choose the correct methods and measures to deal with them properly. In order to identify the financial risk of the enterprise successfully, we must first perceive the risk, that is, understand the various financial risks that the enterprise objectively exists, especially some new financial risks generated under the financial sharing mode. On this basis, we can analyze the root causes of various financial risks and draw up financial risk management and control plan. The work of risk identification not only depends on the past historical experience, but also needs to collect, summarize, sum up and sort out the accounting data and data records of enterprises, and analyze the main financial risks faced by enterprises.

(2)Risk measurement. Risk measurement is a process of measuring the size of risk by combining qualitative and quantitative methods on the basis of risk identification, and then estimating the probability of risk occurrence and the degree of loss. Financial risk has great uncertainty, the probability of its occurrence and the degree of loss to enterprises are very variable. Therefore, enterprises need to use scientific technical methods to accurately measure financial risks and do a good job of preventive measures to achieve the effect of avoiding risks. Scholars at home and abroad mostly use univariate analysis and multivariate analysis to measure financial risk. Compared with univariate analysis, multivariable analysis not only uses a financial ratio value, but also selects a set of financial ratio indexes to estimate the possibility of financial risk by constructing function formula. The accuracy of risk measurement is improved.

(3)Risk control. Control is divided into prior control, in-process control and

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post-control according to different control points. The prior control of financial risk requires the enterprise to make strategic decision, the manager should not only consider the late income that the project may bring, but also take into account the financial risk, through the analysis of the possibility of financial risk and the degree of loss. Enterprises can strengthen the prior control of financial risk by raising the awareness of financial risk prevention and improving the professional level of financial personnel; the management and control of financial risk requires enterprises to pay close attention to and monitor the financial risk in the process of production and operation, and take appropriate measures to minimize the loss.

### *3.2 New Challenges in Financial Risk Management under the Financial Sharing Model*

Under the mode of financial sharing, it can help the financial personnel to greatly reduce the workload of accounting processing, save more time and energy for data analysis and management accounting, and reduce the cost of financial accounting. Therefore, China's financial sharing service center of enterprises are not a few. But the operation of financial sharing mode also gives birth to some new financial risks, which brings new challenges to financial risk control.

(1) Reduced financial control over accounting operations

Under the traditional financial management mode, the financial personnel of the enterprise should strictly follow the rules and regulations to deal with each business. Familiar with the whole financial system, can independently complete all accounts processing, accounting business control. In the mode of financial sharing, each financial personnel only need to complete one or more of the business processing links. The large-scale “intensive” processing of financial sharing makes the accounting processing work convenient, standard and efficient, and reduces the basic business processing ability of financial personnel. For example, the processing of accounts payable projects, the financial department of each branch has the same business content, after realizing the financial sharing model, the financial personnel do not need to do a complete set of accounts processing in the financial department.

(2) Increased risk of information transfer processes

Under the traditional financial management calendar model, the financial personnel of each business department are responsible for the whole set of accounts, from voucher preparation, data verification to statement preparation, statement analysis, each financial personnel can understand the business content they have, and the information transmission process is not easy to appear the phenomenon of unclear responsibility and false information misunderstanding. And financial information in the process of upward transmission through layers of audit, the probability of errors is not large. Under the financial sharing mode, the accounting processing link is many, the business process is long, the whole chain needs to intervene in a variety of post roles, such as network reimbursement budget, business audit, centralized payment, bill circulation, there is a cross phenomenon between posts, and paper invoices in the online audit is more difficult to identify authenticity.

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In this service mode, the financial data is highly centralized, and the mistakes of one link and one financial personnel will bring huge losses to the whole financial sharing center. If there is no corresponding horizontal supervision and verification, there will be confusion of responsibility, distortion of information, repeated processing, illegal operation and other process risk problems.

(3) Unreasonable business process design

The construction of the financial sharing center makes the enterprise unable to apply the original complex and repeated business process and organizational structure, but the unreasonable design of the new business process will also seriously reduce the operating cost and efficiency of the financial sharing center. After the establishment of financial sharing center, most enterprises reduce the cost of financial operation, improve the efficiency of financial operation, and achieve the expected results of financial sharing mode. However, there are still some enterprises in the cost reduction, efficiency improvement effect is not very obvious, that is, the construction and implementation of the financial sharing center for this part of the enterprise has little effect, and even some enterprises have greater negative results.

## 4. New Financial Risk in Financial Sharing Mode

Under the mode of financial sharing, the financial environment of enterprises has changed greatly. In addition to the existing financial risks faced by the above enterprises, it has also given birth to new financial risks, and put forward new requirements for the financial risk control of enterprises. The new financial risks faced by enterprises under the mode of financial sharing mainly include:

### *4.1 Tax Risks*

Financial sharing center as an independent financial department, self-financing, and independent of subsidiaries, branches and other business departments. After the enterprise constructs and implements the financial sharing center, the accounting place (financial sharing center) of the economic business is likely to be inconsistent with the place (each business department), but the tax payment is often in the place where the economic business occurs. If the enterprise does not properly control the financial sharing center, it is easy to generate tax risk. Some business departments have great differences in the nature of business operations, or even in the same industry, and tax policies vary greatly. For example, on May 1,2018, the State Council adjusted the value-added tax rate in some industries.

### *4.2 Information Distortion Risk*

In the past financial management mode, the transfer of bills and vouchers between business departments is generally in the form of paper version of logistics transmission. In the mode of financial sharing, the transmission of documents is

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transmitted in electronic form through the image management system. The financial personnel of each business department first scan the vouchers generated when the receipt, payment order, claim form and so on occur economic business to the financial sharing center, and then the financial personnel of the sharing center handle the accounts accordingly. The paper version of the documents such as bills is still retained by the financial department of each business department. Although this process makes accounting more convenient and efficient and reduces the financial operating cost of enterprises, it increases the risk of information data distortion.

### *4.3 Separation Risks*

In the past, the financial staff at all levels of business departments, with many years of work experience, are very familiar with the various types of economic business of the company, and know the applicable tax rate, accounting methods and accounting methods of the company, so they can handle the accounts in a timely and accurate manner after the occurrence of economic business. After constructing and implementing the financial sharing center, although the financial personnel of the sharing center also have the relevant knowledge reserve and business ability, because of the fine division of labor and intensive processing of the center, each financial personnel is only responsible for their own business processing links. Simple, mechanical, batch input of financial data uploaded to the sharing center by business departments at all levels, economic business occurrence and financial processing are separated. In addition, the nature of the operation of each business department, the industry may be inconsistent, sharing center financial personnel without a comprehensive understanding of the economic business, it is difficult to carry out scientific, comprehensive, true and complete financial treatment.

## 5. Construction of Financial Risk Control Mechanism under Financial Sharing Mode

According to the main financial risks faced by enterprises under the financial sharing mode, this paper puts forward the following financial risk control mechanism construction.

### *5.1 Establishment of a Professional Tax Service*

Most enterprises, because of the singularity of their business, rarely set up a separate tax department, did not pay enough attention to tax risks. However, the enterprises that build the financial sharing center are generally large in scale, the business departments of their subordinates are different in nature, there are many tax-related species, the applicable tax rates are different, and there are many branches of large enterprises.

### *5.2 Enhanced Bill Management to Improve the Reliability of Online Invoices*

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With the development of image technology and the establishment of financial sharing center, electronic invoices and other network vouchers have gradually replaced paper vouchers. The distortion and omission of original vouchers will bring root causes to accounting and cause incalculable losses to enterprises. Therefore, strengthening the management of bills plays a great role in preventing financial risks.

### *5.3 Promote Integration of Industry and Finance and Establish Quality Control System*

Under the mode of financial sharing, one of the main financial risks faced by enterprises is the risk of separation of industry and finance. The occurrence of economic business is separated from the process of financial treatment, which leads to the financial personnel do not understand the occurrence of economic business, accounting treatment can not accurately reflect the background of economic business, and then induce financial risk. The finance department should strengthen the cooperative operation with the business department, promote the standardization, efficiency and standardization of the business process, and study and establish the system of abnormal data inquiry.

## 6. Conclusion

In recent years, with the rapid development of big data technology and computer network technology, the mainstream of enterprise management, operation and update is data resource sharing. Financial sharing service is a new form of financial management. It takes the financial data resources of shared enterprises as the premise and has great advantages in application. In addition, the financial sharing service model also has certain risks in its application.

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