

Research on the Application of Management Accounting in Financial Management of Universities

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ABSTRACT. *With the deepening of the reform of higher education management system in China, the financial management model of colleges and universities appears to be of essence. Financial management is the core of economic management in colleges and universities. With the development of market economy, the operating subject and mode of colleges and universities have changed, the economic interests of colleges and universities have become more diversified, the economic relations have become more complicated, and the financial management has become increasingly detailed, requiring colleges and universities to establish a suitable, reasonable and effective financial management system to straighten out the financial relations and promote the sustainable and healthy development of colleges and universities. At present, management accounting has widely used in the financial management of colleges and universities, making the financial management of colleges and universities more efficient and scientific and promote the healthy, coordinated and sustainable development of colleges and universities.*

KEYWORDS: *Management accounting; Finance of colleges and universities; Application*

1. Introduction

Management accounting is a branch of modern accounting, which is separated from traditional accounting and juxtaposed with financial accounting. It was first used in enterprise management, focusing on the improvement of business management and economic efficiency. Traditional financial accounting takes accounting as its function, while management accounting focuses on decision-making, and creates value for the enterprise by participating in the operation and decision-making of the enterprise. Financial management of colleges and universities is a kind of management activity in which colleges and universities organize various financial activities and deal with various financial relations in order to achieve the educational goals in accordance with the national laws and regulations and the school running polices. At present, the management accounting is widely used in the financial management of colleges and universities, which improves the efficiency of funds utilization, promotes the optimal allocation of resources in

colleges and universities, and plays a positive role in standardizing and improving financial management of colleges and universities.

2. Necessity of applying management accounting in the financial management of colleges and universities

2.1 The financial management of colleges and universities needs the introduction of management accounting.

Financial accounting and management accounting are different branches of accounting, both of which are indispensable in the financial management of colleges and universities. Financial accounting collects, selects, and processes various accounting information through accounting processing, and finally forms various accounting statements. Management accounting reorganizes and processes accounting information, conducts specific analysis for administrators' specific management objectives, and makes analytical conclusions to make scientific decisions[1].

At present, the financial staff of most colleges and universities in China only complete basic work such as financial reimbursement, and do not conduct in-depth analysis and research on accounting information. As a management tool, management accounting just makes up for the shortcomings in the accounting management of colleges and universities.

2.2 The management accounting pays more attention to the principle of "cost" and "benefit".

Colleges and universities are different from enterprises. The goal of enterprises is to maximize profits, while colleges and universities are institutions, not for profit. For many years, the financial management of college finances are only satisfied with the balance of income and expenditure, and does not pay attention to cost control. Therefore, colleges and universities urgently need to make up for the missing link of cost control and attach importance to cost and benefit, which will be realized through management accounting. Therefore, colleges and universities should keep abreast with enterprises in accounting[2].

2.3 Management accounting complies with the transformation of the national school-running concept and management mode.

With the further development of economic reforms, the central government has further decentralized the administration authorities of colleges and universities to their own, and encouraged colleges and universities to increase their revenue through their own capabilities to supplement the lack of financial allocations. At present, the revenue of colleges and universities is gradually diversified (financial

revenue, training revenue, research revenue, etc.), and colleges and universities have also undergone reforms, for example, building new campuses, purchasing new teaching instruments and equipment, and hiring new teachers. The managements of colleges and universities need to make scientific planning according to financial analysis data so as to maximize the benefits of limited funds[3].

3. Application of management accounting in financial management of colleges and universities

3.1 Application of management accounting in budget management

Budget management plays an important role in the economic and social development of the whole country. As an important part of the government budget, the college and university budget needs to be scientifically compiled and implemented in strict accordance with the norms. Scientific budget compilation should be based on historical data, and the data compilation will be more effective and reasonable through scientific processing and analysis. At the end of each year, analytical tools are used to evaluate the budget implementation of each department and division, and connect the evaluation results with the performance of the main person in charge to make the budget fully play its role.

At present, the financial management of most colleges and universities has not been put in place, the budget preparation process is not rigorous with unscientific method, the financial budget has been treated as a mere formality, and the budget is not supervised and implemented in a strict manner. The application of management accounting in financial management of colleges and universities can scientifically compile the budget of colleges and universities, optimize the allocation of resources of colleges and universities, and effectively summarize and analyze the budget results at the end of the year to ensure that the budget truly plays a role in regulating revenues and expenditures and stressing the high efficiency[4].

3.2 Application of management accounting in decision-making management

Some methods of management accounting, such as “net present value”, “internal rate of return” and “investment recovery period”, may apply to the investment decision-making. When colleges and universities construct new buildings and purchase teaching instruments or equipment, they can use the above analysis tools to rationally select the funding sources and ensure the safety and effectiveness of funds.

4. Strategic research on promoting the application of management accounting in financial management of colleges and universities

4.1 Enhance the awareness of management accounting

To strengthen the management accounting in colleges and universities, first of all, it is necessary to enhance the awareness of management accounting in colleges and universities, so that staff, especially leaders, can understand the importance of management accounting for colleges and universities. Only when the leaders attach importance to it can other staff attach importance to it. The managerial accountants in colleges and universities should be clear in their mind that their work not only involves financial accounting, but also provides all kinds of high-quality information to the administrators of colleges and universities, which reflects the importance of managerial accounting in colleges and universities[5].

4.2 Promote the integration of financial accounting and management accounting

Management accounting and financial accounting apply to different business, but they are still closely related. Financial accounting can provide effective information for management accounting, so their integration is very important in colleges and universities. Under the conditions of market economy, colleges and universities have certain autonomy in operation. Financial accounting provides monthly, quarterly and annual financial information of colleges and universities, and then management accounting extracts concise and accurate information from these information and provide to the administrators of colleges and universities, thus improving management efficiency. In addition, the leaders of colleges and universities should pay attention to the integration of them, provide more communication and cooperation opportunities for management accounting staff and financial accounting staff, so that they can cooperate with each other and provide more effective information for the administrators of colleges and universities.

4.3 Strengthen the training and introduction of management accounting talents

On the one hand, for the incumbent accounting staff, the colleges and universities should organize the relevant training of management accounting in a targeted manner to make the staff learn the latest knowledge of management accounting and improve the level of management accounting staff. On the other hand, it is necessary to increase the introduction of management accounting talents. Usually, the management accounting talents with higher professional level need long-term working experience to accumulate more professional skills. Apparently, colleges and universities need to pay more salaries to employ management accounting talents with higher professional level, but these high-level management accounting talents can bring more sound management accounting methods to colleges and universities, which is more conducive to the long-term development of colleges and universities.

5. Conclusions

To sum up, it is an inevitable trend in the reform of higher education system and the development of market economy to apply the theory of management accounting to the practice of financial management in colleges and universities. The leaders of colleges and universities need to attach great importance to the role of management accounting in the construction of colleges and universities, actively promote the integration of financial accounting and management accounting, greatly strengthen the training of management accounting, actively introduce high-level management accounting talents, provide effective information for the management, and promote the healthy and sustainable development of colleges and universities. It is hoped that the application of management accounting in the financial management of colleges and universities will provide a basis for the smooth development of financial management of colleges and universities.

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