

Problems Found in ICT Project Special Audit and Suggestions for Improvement

Zheng Jiayu, Tang Yuan, Weng Ruixue, Lu Yuduo

School of Management, Sichuan University of Science & Engineering, Zigong, China

Abstract: *As a leading enterprise in China's communication industry, Y Company's ICT business scale shows an increasing trend year by year, playing an important role in the company's transformation and upgrading, reform and innovation. At the same time, ICT business involves complex business types and long business processes, and the company pays little attention to ICT business in various audits over the years. Therefore, there may be certain problems and risks in the daily operation of ICT. Starting from ICT business audit, this paper analyzes the problems existing in revenue and cost confirmation of Y Company's ICT project, and puts forward targeted suggestions such as strengthen the effective linkage between ICT business and finance, improving the professional competence of employees, optimize the review process and strengthen daily supervision of ICT business.*

Keywords: *Internal control, Project audit, the integration of business and finance, Management supervision, Approval process*

1. Introduction

Discovering project problems and enterprise problems through auditing is of great importance to the long-term development of enterprises. Especially for telecommunication, radio and television and satellite transmission service enterprises with many communication services, the improvement and optimization of business projects can bring sustainable, stable and healthy development to the enterprises.

ICT projects account for an increasing proportion of business projects in the communication industry year by year. This paper takes the special audit of ICT project of Y Company as an example. Starting from the problems and situations found in the audit process, this paper analyzes the causes of the problems and puts forward specific optimization suggestions, in order to provide beneficial enlightenment for the financial management and improvement of ICT projects in the communication industry and promote the sound development of the communication industry.

2. ICT Project Audit Status

2.1. Introduction to ICT Project of Y Company

Y company is a large communication company in China, whose business scope includes fixed communication business and mobile communication industry. In 2020, C Accounting Firm was hired to audit The ICT project of Y Company. Information and Communication Technology (ICT) is the product of the increasingly close integration of IT and CT. ICT is the service provided to customers by the fusion of Information Technology and Communication Technology. Such as system integration service, video surveillance, VPN, disaster recovery, consulting service, outsourcing service, software development service and other services, through the combination of information and communication technology, to meet customers' comprehensive information requirements of a package of solutions.^[1]

2.2. Problems Found in the ICT Project Audit of Y Company

In the audit process, C Accounting Firm found the following specific problems about project revenue cost recognition in the ICT project of Y Company.

2.2.1. Delaying to Confirm Revenue

Some ICT projects lag in revenue recognition, involving a total amount of 65.2109 million yuan. According to the list of ICT projects fed back by Y Company, it is found that five ICT projects delaying

to confirm revenue. The specific situation is as follows:

The project acceptance of *A Smart City Phase I* as completed in July 2020, but 4.501 million yuan of the project revenue was not recognized until February 2021, accounting for 22.54% of the total contract amount. There is delaying to confirm revenue.

80% progress of *An Information Construction Procurement Project* was completed in January 2020, and the revenue of 23.8862 million yuan, which should have been confirmed synchronously, was delayed until February 2021.

The acceptance of *A Smart Transportation Project* was completed in September 2020, and the revenue of 26.7933 million yuan that should have been confirmed at the same time was delayed until December 2020.

The acceptance of *A Smart Transportation Project - Additional Part* was completed in September 2020, and the revenue of 2.6244 million yuan, which should have been recognized simultaneously, was delayed until December 2020.

The acceptance of *Primary School Communication Equipment Supply Project* was completed in December 2020, and the revenue of 7.406 million yuan, which should have been confirmed synchronously, was delayed until February 2021.

Table 1: Part of ICT Projects Delaying to Confirm Revenue Project

The Project Name	Acceptance or Progress	Delaying Recording of Revenue	Delaying to Confirm Revenue Amount
<i>A Smart City Phase I</i>	Acceptance in July 2020	In February 2021	4.501
<i>An Information Construction Procurement Project</i>	In January 2020 The progress of 80%	In February 2021	23.8862
<i>A Smart Transportation Project</i>	Acceptance in September 2020	In August 2020	26.7933
<i>A Smart Transportation Project - Additional Part</i>	Acceptance in September 2020	In December 2020	2.6244
<i>Primary School Communication Equipment</i>	Acceptance in December 2020	In February 2021	7.406
Total			65.2109

Unit: Million yuan

Data source: internal data of Y Company

2.2.2. Calculate and Collect the Purchase Amount of Cost in Advance

In the archived materials of *An Information Construction Procurement Project* extracted from the review, it was found that the project had collected 5.5549 million yuan in January 2021, but the procurement had not been carried out by the audit date, and the cost procurement process had not been implemented. The project involves a budget of 37.8146 million yuan.

2.2.3. Confirming Project Revenue in Advance

Table 2: Confirming Revenue in Advance for Part of ICT Projects

The Project Name	Procurement Cost	Procurement Item Approval	Cost Contract Signing	First Record	Revenue recognition time	The amount first recorded
<i>A Smart City Phase I</i>	18.499	In June 2020	In October 2020	In May 2020	In July 2020	3.3352
<i>A Smart Transportation Project</i>	20.1537	In November 2020	In December 2020	In July 2020	In May 2020	12.2254
<i>A Smart Transportation Project - Additional Part</i>	2.7891	In April 2021	In May 2021	In December 2020	In September 2020	2.8741

Unit: Million yuan

Data source: internal data of Y Company

There are three ICT projects that have not completed the cost procurement process, namely, organizing the three-party units to enter the site for construction. For example, a smart transportation project received a confirmation letter of performance progress from the customer in May 2020, which confirmed that the performance progress reached 90%, and received 12.2254 million yuan in July. The project completed the procurement project review in November 2020, and signed a cost contract on December 14, 2020, involving a cost contract amount of 20.1537 million yuan. The following ICT projects are specifically involved (Table 2).

2.2.4. Non-ICT Project Revenue is Included in the Calculation

According to the ICT project list filled in by Y company, it is found that the revenue of three non-ICT projects is included in the ICT project revenue accounting, and the ICT project revenue is overstated by 478 thousand yuan.

For example, the content of the revenue contract of *ICT Project of a company* is comprehensive cabling/dedicated line relocation, which is not an ICT project. This project has been included in ICT project accounting in the system, and 89 thousand yuan has been issued and collected in August 2020, which is included in the system integration service account.

3. The Cause of the Problem

3.1. Business Accounting is not Standardized

The ICT project business of Y Company involves the execution and operation of multiple aspects, and the data of the whole process is kept in BOSS, ERP, ICT project management platform, supply chain, contract management, ESOP and other systems, which are relatively independent and not effectively correlated, which is not good for daily operation management such as project follow-up analysis and later evaluation.^[2] ICT business has not yet realized project-based accounting and systematic management control.

3.2. Financial Personnel Lack Professional Competence

In the analysis of the above problems, it can be found that business financial personnel often confirm the amount in advance or delay when recording the project revenue and cost, and do not record and classify the specific items in the project properly, and do not strictly implement the work of "compiling ICT project checklist and matching revenue and cost". The professional level of the specific business is not enough, and for the system and policies, not fully master and use.

3.3. Censorship is not Rigorous

In the implementation process of ICT projects of Y Company, there are often situations such as lax review and verification, and late implementation of the actual contract confirmation.

In particular, when the revenue and cost contracts of ICT projects are signed, the review of contract terms is not rigorous, which leads to the non-compliance of the confirmation of ICT business revenue and cost and affects the quality of accounting information.^[3]

3.4. Weak Management Oversight

The revenue cost and other links of ICT projects should have very strict examination and approval operations. However, it can be seen from a series of operations such as recording cost before implementing the cost procurement process that the management of Y company has certain problems in the supervision of business items.

Under weak management, ICT projects are more prone to over-recording revenue, under-recording cost, and confirm the amount in advance or delay.

4. Management Improvement Suggestions

Through the above analysis, we can find that Y company has many problems in business project management and business process. Therefore, by analyzing the problems of ICT business management, this paper identifies the reasons for the weak and missing links in the process of ICT business management, and puts forward the following suggestions for management improvement:

4.1. Strengthen the Effective Linkage between ICT Business and Finance

Promote ICT business accounting by project, improve ICT business refined management level and operation efficiency. Pay attention to the consistency of revenue contract and cost contract, ensure the

accuracy of accounting information.

Accelerate the online operation progress of "DICT Project whole process Management platform", realize systematic management and control of ICT projects, effectively associate with all business systems, realize integrated management and control of information management, schedule management, data retention, payment management, collection management and other key links, and efficiently support ICT business operation and management of the company.^[4]

4.2. Improve the Professional Competence of Employees

Strengthen the training of ICT business personnel related to finance, procurement, tax and other professional knowledge, organize to learn successful cases of brother units, industry solutions, improve the professional skills of relevant business personnel.

4.3. Optimize the Review Process

Optimize ICT business management methods, business processes and budget management, formulate "green channels" for special scenarios, and all management regulations and business management processes should better meet the actual needs of first-line business development on the premise of compliance.

At the same time, in the business process, it should clearly stipulate the responsibilities of all business departments and employees of all posts, strictly eliminate cross-process implementation, and prohibit unauthorized related personnel from handling the business. Strict control of all links, especially procurement, revenue, cost and other key links.^[5]

4.4. Strengthen Daily Supervision of ICT Business

The relevant business departments of the company shall strengthen the daily supervision of ICT project business opportunity management, approval decision, partner management, post-project evaluation management, overdue fee management, revenue cost confirmation accuracy and other key links by means of system control, daily audit, regular inspection and notification, so as to timely find all kinds of risks and hidden dangers. Ensure the standardization and efficiency of ICT business operations.

5. Conclusion

In recent years, with the development of the communication industry, the scale of ICT business has been increasing year by year, playing an important role in the transformation, upgrading, reform and innovation of the company. At the same time, ICT business involves complex business types and long business processes, and the company pays little attention to ICT business in various audits over the years. Therefore, there may be certain problems and risks in the daily operation of ICT.

This paper analyzes the problems found in the ICT business audit of Y Company and puts forward suggestions, hoping to play a role of reference for enterprises in the same industry. In this way, it arouses vigilance, self-correction and self-examination to find the shortcomings of ICT business management and pay attention to the financial problems and risk problems of the company.^[6] Form a virtuous cycle of ICT projects in the whole industry, and promote the healthy and vigorous development of related businesses and projects in the communication industry.

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