Analysis of Financial Practice: Taking Z Sanitation Company as an Example
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Abstract

The financial problems of small and medium-sized enterprises have the representative role of the mainstay, and the financial problems have a common character. It is of practical significance to analyze the financial problems and give countermeasures. The author selects an enterprise engaged in, through in-depth participation in the work, gives an analysis from the global perspective from their own perspective, and gives countermeasures. The overall financial level of Z sanitation company is higher, and the level of financial personnel is higher, is a group of service enterprises, I hope to take this as a real case, to give some inspiration to the work of financial personnel.

Keywords: Financial sharing center, ERP software, top-level design, function, financial personnel.

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1 Z COMPANY INTRODUCTION

1.1 Company Business Introduction

Z Company is an environmental sanitation company started in Dalian, Liaoning Province, China. In the past 20 years since 2003, Z Company has developed from a localized environmental sanitation company to an enterprise acquired by CITIC Industry Fund. By 2022, Z Company will complete the shareholding reform and strive to be listed on the New Third Board market.

Z Co., Ltd. is an urban and rural environment and public service operator owned by CITIC Investment Fund. Its business covers the fields of environmental sanitation, garbage sorting, municipal management and maintenance, greening and maintenance, property services and emergency security. For more than ten years, the company has built a smart city comprehensive service platform system to achieve the whole system of digital management of operation management, and has continued to invest in intelligent, equipped and lean aspects to provide customers with higher quality services, make the city cleaner, tidy, orderly and safe, create and protect a better life, and jointly build and share a beautiful China.

1.2 Company Organization Structure

The company is divided into strategic public relations Department, Marketing Department, Human Resources Department, business division, financial department, compliance department, information technology Department and other major departments, which undertake the operation of the company, which is mainly based on the business division, according to the regional division, the implementation of matrix dual management. The finance department, Human resources department, Marketing Department, etc. are all auxiliary departments to assist the business development under the deployment of the company's strategy.

2 Z COMPANY FINANCIAL INFORMATION

2.1 Division of Financial Functions of the Company

The financial functions of the company are divided into main modules such as expense reimbursement, receivables and payables management, funds management, budget management, tax management, general ledger management and asset management according to the work content. According to the organizational form, it is divided into two headquarters: fund management (Beijing office) + financial sharing center (Dalian office).

2.2 Construction and Operation of Financial Sharing Center

The financial sharing center was built around 2020 and currently forms a sharing model based on financial functions. Thanks to the rich experience accumulated in the ERP system for a long time after the group started, it has formed the interface of multiple business sectors and financial sectors, which can achieve the initial online practice of the integration of industry and finance. At present, it is a radial sharing center of the headquarters plus more than 50 molecular companies.
distributed across the country, setting up financial managers and cashiers in each molecular company, and taking over the financial sharing center when the business is in the early stage and before the cancellation. The following is the elaboration of the financial practice according to the sequence of work carried out by the financial sharing center.

### 2.2.1 Investment Decision

Because the current environmental sanitation industry is affected by national policy guidance and belongs to encouraging and supporting enterprises, because after the market-oriented reform, enterprises participate in the environmental sanitation industry competition operated by state-owned enterprises, making the environmental sanitation industry competition more fierce, and it is currently in the process of forming scale and being annexed. In such a competitive environment, under the background of strong party A represented by the government, in order to survive, enterprises must explore the market, especially in new cities to develop business lines and seize the opportunity. This investment decision is particularly important, mainly to solve whether Z company will participate in the bidding after the government's tender is published. First of all, the Marketing Department pays attention to the information and reports it to the Strategy Department, which initiates the coordination of relevant departments of the whole department, and finally decides the bid based on the strategic deployment and data analysis led by the group. In data analysis, it is mainly the asset department and the financial department to calculate the data. The importance of financial data played a key role in the vote. It is mainly a series of cost income profit measurement, cash flow measurement, and finally get the core indicators for leadership decision-making. The basis of financial calculation comes from daily accumulation, from the accuracy of accounting, and from the data obtained under persistent cost control. So on the surface, just fill in the data, in fact, behind this each data must have a set of data support.

### 2.2.2 Comprehensive Budget Management

The current comprehensive budget implemented by Z Company involves the participation of all employees. The budget management of all business lines has been prepared since the end of October, gradually revised, discussed, and finally formed a final draft, which is fixed in the system and gives control and early warning to daily business. Adjustments can be made in special operations. At present, the Group's comprehensive budget business is undertaken by one financial staff, whose work is a combination of online and offline work. The financial staff must have a good understanding of the company's strategic orientation, be familiar with each type of business, establish a good communication mechanism with various companies, keep an eye on the change of indicators in daily work, and participate in the monthly business meeting report.

### 2.2.3 Expense Reimbursement

Due to business factors such as market development, travel reimbursement of molecular companies, and staff turnover of dual headquarters, Z company’s reimbursement business accounts for a relatively large proportion. Thanks to the use of the system, it is now possible to transfer documents to issue vouchers in the expense control system of a large domestic ERP manufacturer, and gradually add new functions in the new policy changes, especially in the docking of digital invoices, and gradually transition. One sensitive issue in expense claims is invoice substitution. Because many business entertainment expenses have rent-seeking behavior, they can not be directly displayed in the system, so there is a substitute behavior. This is also a common operation of many enterprises. However, the internal enterprises still need to do a good job in management accounting statistics from the real business background.

### 2.2.4 Receivables and Payables Management

Because the customers of enterprises are government customers, especially during the epidemic period, subject to financial pressure, it is difficult to collect money. Coping with management has always been the most stressful work of the Group's capital management department. It is mainly the main work of the Group's capital management department. It is mainly the docking of offline work, and the authenticity of its data is reflected in the original documents (depending on the payment confirmation letter similar to that issued by the government). Its data comes from “accounts receivable” and “contract assets” in the accounting system. Here, the accuracy of accounting is required, especially in the New Year's contract, in the revenue recognition process, whether more than 50 molecular companies can be accounted for in accordance with a unified standard is particularly important. Only accurate accounting can provide effective data for negotiation at the time of payment collection. Only by doing a good job of filing can you get a "receipt" from the government. Only by maintaining good government relations can we get priority disbursements in times of financial stress. Therefore, receivables management is closely related to the cash flow management of enterprises, testing the soft and hard strength of enterprises.

### 2.2.5 Tax Administration

The tax management of the Group is mainly carried out from the aspects of system, tax management, tax-related accounting, tax policy consultation and training. Among them, for accounting and tax declaration, because the industry belongs to the provision of sanitation services, mainly involving value-added tax, the tax policy enjoyed by various companies is roughly the same, and there are differences in whether it is a small-scale taxpayer, additional taxes and fees, “six taxes and two fees”, and additional deductions. The tax control work is mainly focused on the beginning of the month, when each subsidiary company submits the tax return to the financial sharing Center for review. After the
financial sharing center needs to verify that the financial system data is correct, the subsidiary company will be transferred by the local cashier, and the headquarters will be transferred by the group's finance department. In addition to value-added tax, corporate income tax is the main tax, quarterly advance payment, annual settlement. At the end of the quarter, the pressure on funds is greater, or it needs to be adjusted appropriately. During the final settlement period at the end of the year, due to the imperfect system, audit intervention and other factors, the workload of personnel will be impacted to a certain extent. At present, the supervisor of the financial sharing center is employed, and the intermediary structure is not actually selected. In addition, the usual tax consulting training work is divided into active training and passive consulting. Due to frequent changes in tax policies, in order to "enjoy to the full", it is required that the staff of the financial sharing center should be familiar with the policy changes and understand the business process, and can prepare an optimization plan in time and implement it. Tax administration personnel are required to have strong communication and coordination ability, not only internal coordination, but also external response to tax inspection and other work.

### 2.2.6 Asset Management

The sanitation industry is still a heavy asset model, and there are many legacy asset management problems due to historical factors. At present, asset management mainly focuses on revitalizing physical assets and doing a good job in the merger and acquisition of high-quality assets; Good physical and accounting coordination management of fixed assets; Do a good job of asset lifecycle management. The assets of the sanitation industry are complex, the choice of suppliers is dominated by the main Fulongma and Zhonglian, the asset scale is large, and the one-time capital investment accounts for a relatively large, due to the wear and tear brought by the business model, so the management should be combined with the physical transfer management, improve the utilization rate of assets, and achieve value preservation and appreciation. In practice, asset management is more difficult to really manage because of the region and because of the performance appraisal orientation.

In addition to the fixed assets category, the group has developed a "smart sanitation" system, on the one hand, it is committed to complying with the national policy orientation, such as digital transformation, and gradually packaging the establishment of "high-tech enterprises" to enjoy various preferential tax policies. On the one hand, it is committed to solving various data connection and real-time management problems of the Group. On the other hand, it is a starting point for Party A's government to provide effective monitoring channels under the epidemic situation.

### 2.2.7 General Ledger Management

At present, the general ledger management of finance focuses on some businesses that cannot be automatically generated by the system, including some cases of revenue recognition and account handling carried forward at the end of the month. For the report business, a large number of manual generation is required, especially the consolidated report. Although this business belongs to a relatively mature module of ERP system, this important business has not been improved for a long time due to the system version and financial habits, which greatly challenges the ability of financial adjustment and summary and the consideration of the efficiency of financial statements.

### 3 Z SPECIFIC FINANCIAL DIFFICULTIES OF COMPANY

Analysis of the above financial main situation, in fact, financial difficulties are contained in it.

### 3.1 Improper Organizational Structure Leads to Poor Cross-Departmental Communication

#### 3.1.1 At the Finance Level, the Fund Management Department and the Finance Sharing Center Department Are Subordinate to Two Finance Directors

Due to different direct leaders and different regional office locations, there is a lack of smooth communication between the finance department and the financial sharing center. This is mainly reflected in the fact that the fund department belongs to the Group headquarters in Beijing, and the funds of each subsidiary company are transferred up and down in a centralized way, while the remaining business of each subsidiary company is initiated by the local finance department and transferred to the sharing Department, and the fund department will handle the funds involved. The fund department has accumulated a large number of documents that need to be processed, and if it does not handle matters that will affect the sharing business, such as the accounting. In this way, there is a backlog in the Treasury Department after the shared audit. Due to cross-departmental communication, the final direct leadership is different, the fund department belongs to the "foot of the prince" and occupies the "real money and silver" in a timely manner, and requires a lot of coordination time in urgent management. Cause the waste of resources, the phenomenon of reduced efficiency. The above statement is that the sharing department needs the business of the fund department. Similarly, when the Fund Department needs financial data, there is a situation that the data needs constant proofreading and adjustment due to the unified caliber and the non-standard individual information of the system documents, which leads to the complaint of the Fund Department. Such problems exist in any unit, but the reason for Z Group is caused by the artificial separation of business and unreasonable staffing.
3.1.2 At the Company Level, Cross-Departmental Communication is Not Smooth

Because the traditional concept has always believed that finance is an auxiliary department, the business department has been proud of the credit, and the importance of financial data is not paid attention to. The result is that the financial department is usually considered to be stuck with the documents. However, the assessment index data is not true. In “up” communication, there is looking up. In terms of communication with departments at the same level, due to the intersection of some businesses, there is an unclear job ownership, and the situation of zigzag occasionally occurs, and the final decision depends on the senior management. At present, the financial director of Z company is CFO, and CFO belongs to the vice president of the group, and the final decision is the work of the financial department. Resulting in a large workload of the financial department, greater responsibility. This is the result of poor cross-departmental communication, a lack of clarity on key responsibilities, and inadequate cooperation in the change.

3.2 The Financial Sharing Center Model is Not Advanced, Resulting in Incomplete Sharing

3.2.1 Retain the Financial Status of the Molecular Company

At present, the financial staff of the molecular company is retained, and most of these financial personnel are responsible for separate legal entities, but there are some individuals who are responsible for multiple accounting processes because of the withdrawal project. In terms of age structure, most financial managers over the age of 35 are equipped with a cashier. From issuing documents to auditing, to accounting processing and issuing statements. Complete daily accounting, in addition to tax declaration, budget preparation and other work. What makes the financial personnel more stressed is that they face the information requests from various intermediaries brought about by the listing of the group. So the current financial sharing center is not a complete sharing model. There are two main reasons. One is to meet the employment targets required by the government for reimbursement of local personnel and docking with external inspections. Second, because the system is not perfect, financial sharing mainly needs to make use of the convenient conditions of the system. On the basis of the imperfect existing ERP system, local finance must be retained.

3.2.2 Accounting Standards Are Not Uniform

Due to the existence of various local finance, personnel is not concentrated, and the system is not perfect, some manual accounting processing standards are not uniform, and the judgment standards of the business are not uniform. These inconsistencies add to the inauthenticity of data quality. The credibility of financial data is reduced. Although the group level has to go down to each location for inspection every year, although there is a lot of training every month, there are human feelings and inevitable omissions in human management. If there is a situation such as staff turnover, it is necessary to assign the accounting processing to the shared center to take over, so the incoherence of accounting processing will cause quality deviation.

3.3 The Interface on the Software Layer is Not Smooth, Which Causes the Tracing Failure

3.3.1 Document Attachments cannot be Traced Directly

Centered on the financial module, the initiation of business documents mainly focuses on the general modules such as expense reimbursement, contract management and budget management. At present, smart sanitation has been developed from the business side, which includes vehicle maintenance, refueling, operating kilometers, and operation conditions, and some business data indicators can be obtained more comprehensively. But first of all, the data of the only business system cannot be connected with the finance. As I mentioned, there are inconsistent names and specifications between the asset-related data and the asset data in the financial system. For example, there are some inconveniences such as manual review of data uploaded by the system for reimbursement of oil expenses. In the case of audit or listing information preparation before and after the review of the business, the challenge of financial work can be fully understood. The pain point is that many of the original documents cannot be traced directly.

3.3.2 Documents cannot be proofread

Whether it is business bill of lading or financial bill of lading, a large amount of data needs to be checked manually. Although the RPA robot is currently used for expense reimbursement, during the trial operation, the robot has brought a lot of difficulties to the manual, and manual intervention is needed to adjust the error of the robot's judgment. The proofreading of documents, such as tax reimbursement, such as the total amount of income in the VAT income column should be checked in the accounting system, such as the corporate income tax should be checked, but at present, it is impossible to use the scenario that such people can imagine. Proofreading functions exist, such as budget control or simple balance proofreading between reports. But deeper, more scene proofreading is lacking. Currently limited by the previous work experience of financial personnel and digital perspective, its own imagination is limited, that such a function needs a lot of development, in fact, it is already a standard function of many system software products.

3.3.3 A Lot of Manual Selection is Required

Especially at the level of budget control, because the bill of lading can not be passed because the budget is not enough, the budget is not enough may also be the choice of the budget type is not correct, there are many types of budget, filling in the choice of time will delay dazzling. Find out why. It's because the association mapping is not done properly. Such a large number of
3.3.4 The Document Background can be Modified

Operation and maintenance personnel are required because the system will report various errors. The Group hired the implementation personnel of Party B before, but the staffing was inadequate, resulting in the accumulation of all system problems on one person, which required a lot of work to deal with every day. These work problems can be solved in time, but personal ability is limited to solve them, and every time is the second best solution. In a group financial report process, because the system implementation personnel did not understand the financial, changed the parameters, resulting in the newly merged data edge error. Financial personnel suffered losses due to excessive authority of the other party.

3.4 Reporting Mechanisms Lead to Formalism in the Financial Cycle

The group needs to have a monthly business report meeting [1]. The general manager of the project company needs to report, and the financial department (capital department and sharing department) needs to report. The data of the project company mainly comes from finance, so on the one hand, the financial data of the molecular company and the headquarters need to be matched, and on the other hand, the financial problems and shared accounting problems need to be matched. In terms of verification, there are often omissions, separate governance, and occasionally report the contradictions of various departments.

In addition, because the business is a cyclical work, the report is currently using the template system, the financial department reports most of the problems, which has led to dissatisfaction of the business department, the business has been hostile to the financial department, the financial department is under high pressure, to report, in the case of a large amount of financial workload also need to report, a little "to complete and complete". It's not very accurate to report problems.

4  Z COMPANY FINANCIAL PRACTICE SOLUTIONS

4.1 Consider Setting up A Buffer Layer above and below the Organizational Structure

4.1.1 Set up A Leadership at the Top of the Treasury Department and the Financial Sharing Center

Move up a management position to give middle level leaders a pathway to think big. In this way, the previous problems caused by departmental barriers will be solved comprehensively, and the financial pressure will be eased for the CFO. The group has been considering the personnel for this position, and the leader of this position was promoted from the director of financial sharing Center to the strategic planning Department [2]. After participating in the business management for more than one year, he took charge of the financial work. The advantage of this is to attach great importance to the "integration of industry and finance". This is a top-down model, and the group is also considering a bottom-up model, that is, from the current excellent shared executive positions to select seed players with both financial perspective and market thinking, and gradually assist the work of this leadership position through experience. The advantage of this is that the combination of the upper and lower, have a certain financial professional foundation, and can grasp the pain points from the past work. This is from an internal perspective, in addition to recruiting some "foreign monks" from an external perspective on a regular basis, achieving a "catfish effect." In the continuous run-in, spiral upward. It is recommended to encourage that financial reporting not only involves the "contradiction" between business and finance, but also the rectification of internal financial problems.

4.1.2 The Treasury Department and the Financial Sharing Center Rotate Regularly

Only the leaders of the finance department and the financial sharing center communicate with each other on a regular basis. However, at the staff level, face-to-face communication is lacking due to the fact that most employees communicate with each other through office software and mobile phones. It is suggested to rotate posts regularly, so as to strengthen personnel exchanges and communication and enhance understanding of each other's work. In this way, the work will increase understanding, increase the overall view of the whole process, and help the understanding and implementation of the revised system. At present, the group level has begun to learn the business of "integration of industry and finance" for new financial staff, including following the car for sanitation operations. This model adds a financial perspective, and the financial personnel then handle the accounting process as a scene, rather than cold data. If the finance department and the accounting Department also carry out staff turnover, then the data of the financial personnel will not be fixed one by one, but mobile data [3].

4.1.3 Rotation of Regular Staff of Finance and Group Finance in Each Location

The financial department of the Group usually completes the inspection of the financial work of the subsidiary companies in accordance with the plan from August to November every year, including the inspection of the original vouchers, accounting vouchers, tax returns, account books and other archival materials, which is just like the inspection of internal audit, but the depth of the work is far less than that of internal audit. Quality control is mostly achieved through some form of communication and verbal communication. Through face-to-face communication, the work friendship is enhanced, and the communication after returning to their respective posts will be more smooth. However, at present, the financial personnel of each home place have

not come to work in the financial department of the Group, and they only have a conceptual understanding of the financial work of the group. Suggest personnel exchanges between the two sides. Go inside so you can both gain insight into local finances and find evidence of "fraud." At present, there is a situation of hidden income in individual project companies. Although the Group has heard about it, it has not been well controlled at the group level due to the overall protection of the business area and the lack of actual evidence. In this way, if the gap is left and the group control is not strengthened, the risk will increase in the future, and even the total defection of individual regions will occur.

4.2 Gradual Transition of the Financial Sharing Center Model

The transition to a financial sharing center model requires long-term planning. First of all, the group leadership level should realize the advanced mode of financial sharing center, have the consciousness of learning from advanced enterprises, and have the consciousness of advancing, rather than being complacent. In reality, on the one hand, it is impossible to solve all the problems at once, and on the other hand, the leadership has its own view of achievements, and cannot completely deny the model built by it self, so it requires a higher level of awareness of continuous pursuit of excellence [4].

The financial sharing center has collected a lot of pain points, and it is necessary to pay attention to the accumulation of "symptoms" in peacetime, and do a good job of systematic treatment, and find out the optimized process path and critical control points, rather than the "head of pain medicine". During the gradual transition period, we should pay attention to the pilot, first part and then all, and pay attention to the selection of parts according to the situation, such as the implementation of the new income standard tax differences should be handled by Da Deutsche Project company, so that data comparison can play a good publicity role at the group level. For the pilot of new policies, such as digital invoice, we can start with companies with small business volume and gradually accumulate experience. And so the gradual transition of the choice of model companies to comprehensive consideration.

4.3 Increase the Top-Level Design of Software System Planning and Construction

Software is just a means of management, if the daily work has been well standardized, then the system is just a standard process system fixed. Don't focus on software over essence. Software is for management, and the soul of management lies in people. To increase the software system planning requires top-level design, which is a leader project, fortunately, the group has accumulated experience, in the face of digital transformation in the background, in the face of a dazzling array of digital products in the market, to do a good job. The front-line employees who attach importance to the "audible sound of gunfire" participate in the selection of suppliers, attach importance to the establishment of internal processes, the extraction of pain points, and the refining of needs. Only by conducting in-depth internal research can we play an active role in system construction, and always remember that we are the true expert and the soul of the system. In the current ERP construction, the lack of Party A's participation is often a key obstacle to the long system cycle [5].

4.4 Financial Work Report

The financial reporting work node cycle can be measured in months, but if nothing special happens, the time and problem should be focused on the solution of the key issue. Really do not be a formality, lies in the leadership orientation. At the same time, to tolerate the outbreak of problems needs to accumulate to a certain point of contradiction, and the accumulation of theories in various aspects can really expose the problems under the iceberg. This requires us to pay attention to the clues in our financial work. Pay attention to changes in various indicators, find out in time, point out, and reduce risks.

At present, a lot of data in the report needs to be collected manually, and these data are scattered in various systems, and the data index collection process of each company is not uniform, resulting in the data cannot be traced directly, so the comparison is poor. This dilemma can be completely completed by building a system, directly completing data collection, automatically issuing statements in the system, and forming Kanban, which can not only solve the monthly return mechanism, but also become a daily Kanban, and liberate finance from heavy transactional work to devote itself to high-value financial work [6]. The current model of shared center can be internally divided into "three financial" model, strategic finance, business finance and shared finance. These job functions of Z Group are distributed to each person, and one person has staff reuse. For example, an accounting supervisor also shoulders the account review work of several companies, and the tax supervisor also needs to be responsible for the account review work of several companies in addition to the tax control work. Such a result is that in addition to their daily work, because the personnel review standards are inconsistent, resulting in different financial quality of the reviewed companies, and more serious is that the workload is too much, financial personnel can not be liberated from the complex practice and devote themselves to their own work. To sum up, only when the foundation is solved can there be a superstructure.

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