

Research on Accounting Information Distortion under Internal Control

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ABSTRACT

In recent years, with the increasingly fierce market competition, the problem of accounting information distortion is serious and frequent cases of financial fraud and fraud have seriously jeopardized the industry trend. Solving the problem of accounting information distortion under the internal control environment has become a serious challenge to the accounting field. At present, the construction of the internal control environment is very important, which is the basic condition for the quality and efficiency of internal control. It is of great significance for ensuring the quality of accounting information and promoting the sound development of the accounting profession.

Keywords: *Internal control; accounting information; distortion*

INTRODUCTION

Along with the economic development of China and the improvement of the market economy system, the number of listed companies and the size of market financing have greatly increased. However, the phenomenon of corporate financial fraud has also taken place more and more frequently. This not only directly affects the development order of China's economic market, will also make many enterprises and listed companies face severe challenges, but also cause serious damage to the interests of investors. Faced with a series of current cases of accounting information distortion, how we should solve the problem is worth our thinking, the quality of accounting information is the current problem of academic accounting industry itself, and accounting information distortion and the environment and system of internal control is closely related. According to the survey, 52% of accounting information fraud was discovered through internal control and 47% through internal audit. Therefore, the internal control is very important in the daily operation and development of the enterprise. Strengthening the construction of internal control has an obvious effect on the governance of accounting distortion. How to improve the internal control environment will affect the quality of accounting information, and the quality of accounting information will affect the economic market healthy development.

THE IMPACT OF ACCOUNTING INFORMATION DISTORTION

Impact on Business Investors

For investors, investors are one of the most important participants in the market economy. Their decision-making basically depends on the company's financial statements and audit reports issued by certified public accountants with independent audit qualification. Once the information is distorted or the audit fails, investors will be in a relatively passive situation, making it wrong investment decisions, and adversely affect the investment environment. Among the current investors in our country, small and medium-sized enterprises are mostly their investment often with a strong speculative psychology, accounting information distortion brings false financial data will make their funds unexpectedly lost their interests have been greatly damaged.

Impact on the Business Itself

First of all, accounting information distortion will affect the company's reputation, so that its credibility has been widely questioned by the community, so that enterprises lose a large number of customers and investors, the profits suffered serious damage. For a business, integrity is the great business card. Second, the business capital turnover will be affected, resulting in the company some daily operation problems, is not conducive to the company's

normal business activities. Finally, the occurrence of accounting information distortion that there are certain internal control mechanisms exist problems, businesses need to be further strengthened and improved according to their own actual situation.

Impact on the Social Environment

To some extent, the distortion of accounting information reflects the fierce competition in the market. Some enterprises are faced with such fierce competition that falsifying the financial information for their own benefit, which is relatively easy to cause malicious competition, and can't really reflect the business to all walks of life Business conditions, which is not conducive to the normal operation of economic markets and development. At the same time, it also shows that the relevant laws and regulations nowadays are imperfect and can't play a good role in restraining the enterprises and need to be further strengthened and improved.

RELATIONSHIP BETWEEN INTERNAL CONTROL ENVIRONMENT AND ACCOUNTING INFORMATION DISTORTION

The Problem of Accounting Information Distortion Can Reflect the Defects of Internal Control of Enterprises

The distortion of accounting information shows that the internal control system of the enterprise has some problems. The organizational structure of the enterprise is imperfect and the corporate culture of honesty and morality can't be deeply rooted. The internal audit can't properly exert the function of supervision and inspection. The professional qualifications of managers and accounting staff need to be improved. Therefore, enterprises should give full play to their internal supervision and guidance functions, cultivate a positive and progressive corporate culture, fully mobilize the enthusiasm of employees, enhance their awareness of risks, improve assessment and assessment mechanisms, and strengthen internal auditing so that the role of internal control can be truly played. To a certain extent, eliminate the occurrence of accounting information distortion.

Influence of Internal Control Environment on Accounting Information Quality

The internal control environment and accounting information quality are mutually reinforcing and indivisible. The internal control system, supervisory organization, mode of operation and management philosophy of enterprises affect the

quality of accounting information. Without a good internal control environment, there is no form of internal control, and the quality of accounting information can't be guaranteed. And, under the internal control environment, the enterprise can guarantee the authenticity of the accounting information only by reasonably evaluating and controlling the inherent risks and financial risks of the enterprise. Failure to properly analyze and identify the risks that may occur in achieving the indicators could lead to erroneous forecasts and decisions, leading to distortions in accounting information.

STUDY ON THE COUNTER MEASURES OF ACCOUNTING INFORMATION DISTORTION GOVERNANCE FROM THE PERSPECTIVE OF INTERNAL CONTROL ENVIRONMENT

Improve the Internal Control of Enterprises

In the modern enterprise management system, internal control management can play a crucial role. Effective internal control can help enterprises to detect risks and ensure the healthy development of enterprises. If you underestimate the internal control may make the company made a big mistake, the distortion of accounting information can fully demonstrate the lack of internal control capabilities, the lack of internal control ability is a direct result of financial fraud, the key factors in the internal control weaknesses of power fail to make correct judgments on the authenticity of financial information and business information, which in turn breeds fraud and fraud, leading to distortion of accounting information. Therefore, enterprises should pay more attention to internal control and formulate a reasonable and effective internal control system.

Improve the Organizational Structure of Enterprises

A complete enterprise organizational structure is the prerequisite for the normal operation of the enterprise. To perfect the organizational structure of the enterprise, first of all, it is necessary to establish a scientific and modern enterprise management system and an internal control environment so that the separation of government and enterprises is truly achieved with clear authority and responsibility and at the same time the management system of the board of directors as well as the shareholders' restriction on the business decision-making, etc., so that the board of directors can give play to the role of guidance and supervision to ensure the quality of accounting information. Secondly, we should

perfect the performance appraisal system and strengthen the performance evaluation and construction. Finally, appropriate adjustments should be made to the shareholding structure to optimize the shareholding and appropriately decentralize the rights of the shareholders, so as to effectively promote the mutual restraint of the shareholdings.

Build a Positive Corporate Culture

Corporate culture is the internal ideology and working atmosphere formed during the development of a company's enterprise. It mainly includes management's management concept, business management style, honesty and morality, etc. It has an important influence on the development of an enterprise. Fostering integrity and law-abiding corporate ethics and cultural atmosphere requires two efforts. The first is that managers should have a positive sense of guidance and play an exemplary role as a model to integrate the construction of honesty, ethics and culture of enterprises into the construction of other systems. The second is to mobilize the staff's law-abiding enthusiasm, the development of relevant rules of behavior, so that every employee recognizes their importance in the work, so as to mobilize the enthusiasm of staff and improve the integrity of an enterprise employees integrity and moral qualities, To ensure that the relevant ethics and legal education can achieve the expected results, so that employees can consciously resist violations, to avoid causing accounting information distortion occurs.

Improve the Internal Audit Evaluation Mechanism

If the internal control structure of the enterprise is flawed, it will bring many problems and hazards to the enterprise. An effective internal control system can make the enterprise operate efficiently and reduce unnecessary problems. Internal audit is an important part of internal control. It is a direct supervision and guarantee of corporate behavior. Internal audit is internal to the enterprise and provides a thorough understanding of the operating conditions, financial status and cash flow of the enterprise.

Therefore, it can more proactively identify and assess risks, reduce business risk and investment risk, and can quickly detect abnormal information, from the source to prevent the occurrence of accounting information distortion, which to some extent to ensure the accounting information quality.

Strengthen Accountant Professionalism and Moral Construction

Modern enterprise accounting work and management work is a systematic project, and gradually to the complexity of development, accountants and managers have a solid professional foundation and high - quality professional ethics, not only related to the normal operation of the enterprise, but also related to the efficiency and effectiveness of internal control. The enterprise should regularly organize managers and accounting staff to participate in the training of professional ethics, conduct regular assessment and assessment on them, strengthen the professional ethics education of managers and accountants, and prevent the occurrence of financial frauds so as to ensure the quality of accounting information.

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