

# Research on the Reform and Innovation of Financial Management in Higher Universities under the Double-Class Construction Background: A Case from China University of Geosciences (Beijing)

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**Abstract.** Under the double-class construction background, the financial management has gradually become one of the most important contents of higher universities. It is the basement of all economic activities in colleges and universities, determines the basic direction of financial management, and is also subject to the overall development goal of colleges and universities. With the transition of the economic system of colleges and universities, the reform of the financial system and the continuous change of the financial management environment, the financial management is facing the challenge of informatization, knowledge and networking, which require colleges and universities to reform the original financial management system and innovate the concept, content and mode of financial management to adapt to the changes of colleges and universities in the new stage. Taking China University of Geosciences (Beijing) as an example, this paper analyses the necessity of financial management reform and innovation, and puts forward several suggestions for reform and innovation of financial management, so as to continuously improve the financial management level of higher universities under the double-class construction background.

## 1 Introduction

China University of Geosciences (Beijing) (hereinafter referred to as CUGB) is a national key university directly under the Ministry of Education, a national “double class” construction university, and a “211 Project” and “985 project advantage discipline innovation platform” construction university. CUGB has always carried forward the fine tradition of serving the country with geology, shouldered the glorious mission of being a pioneer in socialist construction, trained a large number of geological professionals urgently needed in economic construction, made indelible contributions to the take-off of industry and the development of geological undertakings in China, tempered the distinct character of “overcoming setbacks, being strong and courageous”, and formed the value pursuit of “having a heart to the party, loving the motherland, being able to endure hardships, being a pioneer, and daring to explore”. In recent years, with the rapid

development of higher education in China, the contradiction between insufficient investment in education and the continuous expansion of school scale has become increasingly prominent. The financial management of universities has gradually become an important part of the overall management of universities. The quality of financial management directly affects the survival and development of universities. Thus, it has become an important part of our school's financial management to formulate a reasonable fund allocation policy, strengthen the construction of the accounting team, and realize the innovation of the financial management mode.

Collectively, financial management appears to be particularly critical in the current process of the coordinated development of colleges and universities under the double-class construction background.

## **2 Problems in financial management of colleges and universities in the new era**

### **2.1 Financial risk awareness**

The market environment is changeable and unstable, and colleges and universities may face cash payment difficulties caused by insufficient fund-raising at any time, or income and expenditure financial difficulties caused by low school running efficiency. However, some colleges and universities turn a blind eye to this choice and lack the necessary awareness of risk prediction.

First of all, although there are many kinds of income sources of our school, the most dependent on funds are government grants, student tuition and accommodation fees. However, due to the tightening of national financial policies and the intensification of competition in higher education, the income of financial grants and student sources has been greatly impacted by the external market environment, which has brought several market risks to the financial management of higher universities.

Secondly, the internal supervision system of the financial management department is not perfect, and the financial personnel only pay attention to the management of special funds, but ignore the supervision and audit of funds in daily teaching activities, so there are audit loopholes, which have a negative impact on the daily management of colleges and universities.

Finally, the amount of advance payment from the university is large, and the untimely collection of the advance payment leads to a large amount of advance payment from the University.

In addition, due to the construction needs of higher universities, there is an expenditure demand, which often causes the higher universities to make ends meet, which brings risks to financial management.

### **2.2 Internal control system**

Internal control is the core of university management, and internal audit is the focus of internal control. The internal control of colleges and universities is not properly played, and the internal control system and perfect financial management system have defects, which lead to the lack of effective supervision of the internal control of colleges and universities, the narrow control range, and the lack of coordination of the internal control of various departments.

First of all, the key to the internal control system of colleges and universities to play its role is to reasonably set up departments and standardize institutional mechanisms, that is, to

solve the problem of “who is responsible and who is responsible”<sup>[1]</sup>. As for the external supervision functional departments such as the audit department and the discipline inspection commission department, they are all under the control of the administrative leadership of the party committee of higher universities. In addition, the financial management function and the discipline inspection commission work are mixed, so the audit supervision department is often marginalized, and the financial management work lacks independence and authority.

Secondly, the financial management of colleges and universities only focuses on simple bookkeeping functions such as enrolment and employment, budget implementation, and basic revenue and expenditure. The scope of internal control is too narrow. In terms of personnel, it does not cover faculty members, investors, and other personnel related to financial work outside the source of students. In terms of business, it does not penetrate into all aspects of the financial activities of colleges and universities. In every process, it only pays attention to post audit, ignoring supervision. The financial management work of in-process control makes it difficult to make decisions and analyse problems based on the source and provide scientific and reasonable financial reports based on the actual situation.

Finally, the evaluation system of the internal control system is not perfect, resulting in problems in the system itself, which cannot effectively predict future risks before management chaos, and often sudden emergencies for problems. Effective countermeasures cannot be taken in advance to control possible risks.

### **2.3. Audit methods**

Financial management in Colleges and universities is not only imperfect in system, but also has many problems in many details.

First of all, the budgeting methods of colleges and universities are not scientific and rigorous enough. In preparing budgets, several colleges and universities simply increase or decrease synchronously based on the disposable income and budget expenditure of the previous year in order to facilitate and avoid operational troubles. Without considering the actual needs, conducting practical demonstration and integrating quantitative analysis, the problem of “why money is spent, what aspects it is spent, and how to spend it effectively” lacks clear concepts and precise details<sup>[2]</sup>. In addition, the budget implementation lacks hard compulsion, corresponding supervision and assessment mechanisms, and flexible analysis methods based on actual changes, resulting in a mere formality and lack of operability.

Secondly, the function of financial statements in Colleges and universities still stays in simple data accounting, and there is no in-depth financial analysis on benefit assessment and operation and management, which leads to the fact that the financial statements cannot reflect the problems in the operation and management of colleges and universities in a good and timely manner, and reduces the attention of college personnel to financial statements.

Finally, financial information is not open and transparent enough. At present, the financial information of colleges and universities is generally not timely, open and untrue. The lack of information disclosure platform and the imperfection of information guarantee system have led to the dark box operation of financial information, greatly reducing its persuasion, and restricting the quality of the fair, open and just work of financial information.

### **3 Innovative countermeasures of financial management reform in Colleges and universities in the new era**

With the development of the socialist market economy and the establishment of the independent legal person status of colleges and universities, the environment of CUGB has changed greatly, and its financial activities have also taken on new characteristics. First, the diversification of financing channels has broken the traditional financing mode of relying only on financial allocation. Secondly, whether we implement the connotative development strategy or the extensional development strategy, our university will face competition for talents and equipment. Finally, in order to survive and develop and achieve the goal of win-win social and economic benefits, our school must be performance-oriented and innovate in financial management concepts, systems, contents and methods around the goal of maximizing performance.

#### **3.1 Enhance the awareness of management personnel**

The changes in the running environment of colleges and universities objectively require the financial management personnel of colleges and universities to establish new financial management concepts. The financial management of colleges and universities should no longer be limited to the management of budget funds, but should be performance-oriented and cost-benefit management around the goal of maximizing performance. This requires that the financial personnel of our university should fully consider the fixed nature of assets and the diversity of daily activities<sup>[3]</sup>.

Firstly, financial managers should be vigilant and aware of risks in the process of financial management. Only when they are aware of risks can they avoid risks in management.

Secondly, we should summarize and analyse the problems found in the financial management process of our school in time, carefully check the situation reflected in the statements to prevent errors, and actively formulate corresponding measures according to the existing problems to solve the problems in time, so as to prevent further mistakes in the follow-up work due to the unresolved small problems.

Finally, to improve the risk assessment ability of financial management staff, many colleges and universities, including CUGB, will have various uncertain risk factors in their daily economic activities, and risk assessment is to summarize and analyse these factors, based on which to control risks and ensure stable development. The heavy responsibility entrusted by the society must take the road of sustainable development.

Collectively, the financial management of higher university should proceed from the long-term development goal, be consistent with the requirements of the socialist market economic system, optimize the educational structure and resource allocation, so as to enhance the strength of colleges and universities.

#### **3.2 Improve financial management system**

To improve the financial management system, CUGB should first improve the comprehensive budget management system, speed up the budget efficiency and strict review, so as to organically coordinate the work of various departments within the universities, improve the efficiency of the use of funds, and promote the construction and development of higher universities.

Firstly, establish a budget management organization to strengthen the guidance and assessment of the overall budget work. CUGB should also strengthen publicity and training,

mobilize all staff to participate in budget management, especially strengthen the training of college and department heads, strengthen their awareness of budget management, and improve their skills and level of budget management <sup>[4]</sup>.

Secondly, make out the approval procedures. For important projects with huge amounts, the project expenditure must be approved by the leaders in charge, and the approval procedures should be strictly followed. At the same time, it shall be implemented in strict accordance with the budget contents and projects, and it is strictly prohibited to implement beyond the scope or change the budget purpose.

Thirdly, carry out reasonable, accurate and scientific investigation on the budgets submitted by various colleges and departments. Issue budget indicators for all the income of the school according to the contract, analyse, summarize and adjust the completion of the budget income of the college and departments in the previous year, the implementation and progress of budget expenditure and the efficiency of fund use, and formulate reasonable, accurate and scientific budget indicators for the current year <sup>[5]</sup>. Improving the asset management system is also the institutional guarantee for the innovation of the financial management mode of colleges and universities in China.

Strict acceptance and preservation of assets is an important guarantee for the rational utilization of resources. Improving the asset management system is to establish an operable and implementable state-owned asset management system in our university, focusing on the asset acceptance system, asset preservation system, asset use and maintenance system, asset transfer and lease management system and asset scrapping approval system <sup>[6]</sup>. The classification of fixed assets in the financial system shall be unified with that of the asset management department.

Implement the depreciation system of fixed assets, select the appropriate depreciation method of fixed assets, and determine the depreciation period carefully according to the actual situation, so as to lay a good foundation for the next cost accounting of colleges and universities.

### **3.3 Strengthen the internal audit system**

CUGB should institutionalize, normalize and quantify internal audit. At the same time, our school should regularly study and deploy the review of major and high-risk matters within the school. After the completion of internal audit, attention should also be paid to the analysis of audit results. The internal audit of colleges and universities is generally believed to be mainly financial revenue and expenditure audit, of which the five major fields of equipment and book procurement, student's living consumables, teaching and experimental consumables procurement management, infrastructure maintenance engineering and class running funds are often prone to problems. Therefore, the internal audit should focus on these fields <sup>[7]</sup>.

### **3.4 Establish financial evaluation system**

Higher universities should try to establish a set of financial evaluation system, set corresponding quantitative indicators, and analyse and evaluate the use efficiency of funds, reflect the level of financial management and the real financial situation through horizontal and vertical comparison on the basis of financial management and accounting. Through this financial evaluation system, we can find out the gap between the same type of universities in different regions and between different types of universities in the same region, find out the reasons for the gap, analyse the reasons, provide some reference for the decision-making of the leaders of our university, and draw attention to the risks in financial operation in advance. CUGB is now on the way of continuously pursuing progress and

striving to complete the construction of a world-class university in the field of earth science.

## 4 Conclusions

Double-class construction has set a clearly defined goal for the discipline construction and personnel training in colleges and universities. To fully achieve the double-class construction strategy, first-class and superior financial management is a key factor in improving the double-class construction. This paper cites CUGB as an example, and briefly discusses the key points that should be grasped in promoting financial management under the double-class construction background. With the development of social economy, in order to make financial management meet the development requirements under the new situation, CUGB must change the current situation, further improve its financial management level, and provide strong support for comprehensive and stable development.

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