

# Research on Financial Risk Management and Control Strategies in Colleges and Universities

Zhaolong Hu, Yan He

Shaoguan University, Shaoguan, Guangdong, 512005

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**Abstract:** University financial risk management and control is an important part of university management and operation, and an important guarantee for the sustainable development of university education. This paper analyzes the current situation and existing problems of financial risk management and control in colleges and universities, and puts forward a series of management and control strategies in order to improve the level of financial risk management and control in colleges and universities and ensure the high-quality development of university education.

**Keywords:** University financial risk; Risk management; Risk control; Internal control

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With the ever-changing market economy and the rapid development of higher education, the financial management of colleges and universities is faced with an increasingly complex and diversified situation, which inevitably produces many potential risk crises. Effectively identifying and evaluating financial risks, and taking appropriate measures to control them, are crucial for the sustainable development and stable operation of universities.

## 1. Status Quo of Financial Risk Management and Control in Colleges and Universities

The financial management of colleges and universities is faced with the complicated and changeable external environment, including the change of policies and regulations, the fluctuation of economic situation and the uncertainty of the source of funds. The financial pressure of colleges and universities is increasing due to rising operating costs, reduced funding and increased tuition pressure. Many colleges and universities lack of financial management ability and risk awareness, lack of perfect financial management system and risk control measures. Some colleges and universities are weak in financial risk management technology. Information system security problems and technical risks bring potential risks to financial management. Financial risk has a serious impact on the reputation, financial stability and education quality of colleges and universities, so it is urgent to strengthen risk management and control.

## 2. The Existing Problems of Financial Risk Management and Control in College and Universities

### 2.1 Lack of systematic risk management strategies

The financial department, administrative department, teaching department, and others conduct independent risk management work, which hinders the comprehensive monitoring and management of financial risks in colleges and universities.

### 2.2 Insufficient risk assessment and monitoring mechanism

Some universities have inadequate financial risk assessment and monitoring mechanisms, which makes them difficult to accurately assess the potential impact of financial risks and take timely and effective measures to cope with risks.

The first is the lack of multidimensional comprehensive risk assessment. It focuses only on superficial and obvious risks, fails to systematically identify and evaluate potential financial risks, ignores the correlation and cross-impact between different financial risks, and lacks comprehensive information basis when developing risk management strategies, resulting in decision-making deviating

from reality. Secondly, risk monitoring is not timely. Some universities lack mechanisms and tools to monitor risks in a timely manner, fail to understand the evolution of risks in a timely manner, and are unable to take timely and effective measures to reduce the impact of risks. Thirdly, there is a lack of quantitative risk assessment methods. Universities have not established scientific models and indicator systems to evaluate the probability and impact of risks. And their risk assessment relies on subjective judgment, and lacks objectivity and accuracy.

### **2.3 Imperfect internal control system**

Some universities have weak internal control systems, which provide opportunities for the generation and expansion of internal financial risks and increase the probability of financial risks.

Firstly, the process is not standardized. The financial management process is not standardized in some colleges and universities, and there is a lack of clear operating process and standards. For example, there may be confusion, ambiguity or repeat operation in the use of funds, procurement, reimbursement and other processes.

Secondly, the system is poorly implemented. The internal control system of many universities is difficult to be effectively implemented, and some employees or departments circumvent the system, which increases the probability of risks.

Thirdly, there is a lack of effective authorization and supervision mechanisms. There may be situations of unclear authorization and loose control within universities. And there is a lack of effective supervision and audit mechanism in universities.

Fourthly, information system security is weak. The financial information system of colleges and universities may have the problem of weak security, and lack effective information security strategies and control measures, which is easy to lead to the disclosure, tampering or loss of financial information, and pose a threat to the financial security of colleges and universities.

### **2.4 Lack of financial risk management professionals**

The lack of professional talents in the field of financial risk management is common in colleges and universities, which affects their ability to identify, evaluate and manage financial risks.

Firstly, the ability to identify and assess risks is insufficient. Due to the lack of professional risk management personnel, colleges and universities may not be able to accurately identify and evaluate various financial risks. Risk assessment is too subjective. It is difficult to accurately grasp the probability and impact of risks.

Secondly, risk monitoring and early warning capabilities are insufficient. Due to the lack of technical support from professionals, colleges and universities may not be able to establish an effective risk monitoring and early warning mechanism, obtain and analyze key risk data in a timely manner, and make timely risk early warning and decision.

Thirdly, the risk response and management capacity are insufficient. Due to the lack of professional risk management personnel, it is impossible to take appropriate measures to deal with and manage financial risks, resulting in poor risk control.

## **3. Improvement Suggestions and Response Strategies**

In order to solve the problems existing in the financial risk management and control of colleges and universities, we should formulate corresponding risk management strategies, improve risk control measures, and establish a long-term risk management mechanism.

### **3.1 Strengthen financial risk assessment and monitoring**

Firstly, a comprehensive risk management framework should be established to cover all aspects of financial risk, clarify responsibilities and processes, including risk identification, assessment, monitoring, response and reporting, and take appropriate measures for different risk types to ensure comprehensive management of financial risk.

Secondly, it is necessary to strengthen risk identification and assessment, establish a sound supervision mechanism to comprehensively sort out and analyze possible financial risks, determine the probability and impact degree of risks to effectively solve accounting information distortion and other phenomena, and provide a basis for the development of risk management measures through systematic risk identification methods.

In addition, it is necessary to establish and improve the financial risk early warning mechanism, timely understand and monitor the dynamic changes of financial risks, set up key indicators and risk thresholds, use data analysis and monitoring tools to monitor risk indicators in real-time, and promptly identify financial risks and take effective control measures.

### **3.2 Strengthen the construction of internal control system**

Colleges and universities should strengthen the construction of internal control system, clear division of responsibilities, standardize procedures and processes, prevent and reduce the occurrence of risks, and ensure the compliance of financial activities.

Firstly,colleges and universities should improve the internal control system.Colleges and universities should clarify the scope and authority of internal control over economic activities in universities through the internal control system,take corresponding internal control measures for different economic activities and establish accountability and assessment mechanisms.<sup>[1]</sup>The internal control system is used to restrict the behavior of financial management personnel,divide responsibilities,rectify work styles,and establish a standardized and orderly working environment for financial management.

Secondly,colleges and universities will strengthen fund management and budget control.Colleges and universities should strengthen fund management and budget control,establish a budget preparation and implementation system,fully consider the practical needs of the development of colleges and universities and current asset liability level and solvency,and conduct budget monitoring and adjustments to ensure the reasonable allocation and use of funds.

Thirdly,colleges and universities should attach importance to auditing and supervision.Colleges and universities should regularly carry out internal audits and supervision,conduct standardized and compliant checks on the financial situation and workflow within the school,evaluate the effectiveness and implementation of risk management measures,and invite external institutions to conduct independent audits to strengthen overall supervision.

### **3.3 Introduce financial risk management professionals to cultivate risk awareness and ability**

Colleges and universities should actively recruit and train specialized talents with professional background of risk management. Meanwhile,through classified training,seminars,case analysis and other ways,they should strengthen the training of risk awareness of teachers and staff to improve their understanding of financial risks.

In particular,university leaders should improve their awareness of financial risks,fully predict financial risks when making decisions on major projects,and determine feasible plans based on actual conditions.<sup>[2]</sup>For financial risk management personnel,it is necessary to strengthen professional ethics and business ability training,improve financial management knowledge level and risk management ability,timely update risk management concepts,and learn advanced financial management methods and risk control means.<sup>[3]</sup>For other faculty,students and staff,the focus is on improving risk identification and response skills,and actively participating in reducing financial risk.

### **3.4 Promote the construction of financial information and introduce advanced risk management technology**

Colleges and universities should use information technology to improve financial service ability,prevent and resolve possible financial risks.With the help of advanced risk management tools and technologies,such as risk assessment software,data analysis tools,etc.,colleges and universities can enhance the scientific nature of risk management.These tools can assist in risk identification,assessment and monitoring,provide decision support and early warning functions,and timely control of budget implementation.They can also share data with educational administration systems, personnel systems,and banking systems to avoid errors caused by artificial data docking,improve the efficiency and quality of financial work,and control financial risks.<sup>[4]</sup>

### **3.5 Strengthen communication,collaboration,and information sharing**

On the one hand,an effective communication and cooperation mechanism should be established among departments,and work coordination meetings or workshops should be held regularly to promote information sharing and collaboration,and to promote the integrity and synergy of risk management work.On the other hand,it is necessary to strengthen external cooperation and experience learning,establish cooperative relations with other universities,industry institutions and professional consulting institutions,and learn from advanced practical experience of risk management.

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