

# Analysis of problems and countermeasures in carrying out internal audit of material procurement in hospitals

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**Abstract:** A hospital is a public service organization whose duty is to provide high quality and safe medical services to patients. Among them, material procurement is not only an important part of hospital management, but also the basic guarantee to ensure the quality of medical services, carrying out material procurement internal audit work has practical significance. Based on this, this paper combined with the problems existing in the internal audit of hospital material procurement and the author's practical experience to put forward the corresponding improvement measures, aiming at providing reference for the effective development of related work.

**Key words:** hospital; Materials procurement; Internal audit; Problems; countermeasure

## Introduction

In the daily operation of a hospital, material procurement plays an important role in medical services. Material procurement is the basic work of hospital in daily operation, which has a direct impact on clinical treatment and service quality of hospital. In addition, the capital occupation of material procurement is also relatively large, which is a very important part of hospital financial management. Carrying out the internal audit of material purchase has many influences on the operation and development of the hospital.

### 1. the practical significance of carrying out internal audit of material purchase in hospitals

(1) Improve the compliance of the procurement process

The purpose of internal audit is to discover, evaluate and improve the risk management, control and governance processes within the organization. The internal audit of the hospital procurement of materials can find the violations and risks in the procurement process of the hospital, and provide powerful data support for the subsequent management and governance of the procurement process. For example, in the procurement process of some hospitals, there are obvious fictitious bids, benefit transfers, and chaos. The establishment of internal audit system allows the hospital senior management to be informed of relevant information in a timely manner, and strengthen management of these behaviors to improve the compliance of procurement.

(2) Improve the transparency of the procurement process

The continuous improvement of the transparency of hospital procurement can not only enhance the public's trust in hospitals, but also prevent abuse of power and unfair bidding, and create a fair and transparent public service environment. The internal audit of material procurement is an important guarantee for the transparency of the procurement process. It can help the hospital grasp the procurement bidding process from the source, standardize the procedures and requirements of information disclosure and publicity, and ensure that the opportunities provided are scientific, fair, transparent, non-discriminatory and equal. Based on the internal audit of materials procurement, the review and management of information publicity is helpful to realize the transparency of the public bidding process in the true sense.

(3) Optimize procurement costs

The cost of materials procurement is highly correlated with the input of the entire hospital construction funds. However, in the process of fulfilling procurement, non-compliant, non-transparent and non-standard behaviors often lead to the increase of procurement costs. In addition to standardizing the procurement process and preventing wasteful spending, internal audit can also optimize procurement costs. For example, through the process audit, to examine the procurement process in the abuse of competition, excessive bidding, the form of competition is not correct, you can make targeted adjustments to the procurement process, so as to optimize the procurement cost.

(4) Improve the level of hospital management

As a national public service institution, the nature of hospital business entity is very different from other enterprises. The procurement of hospital materials is an important support link in the process of hospital business operation. The internal audit of material procurement is conducive to understanding the operation of the hospital, improving the management level of the hospital's real economy, and thus promoting the improvement of the overall management level of the hospital.

### 2. The problems in the internal audit of hospital material procurement

(1) The internal audit management of hospital materials procurement is not standardized

First of all, the procurement process of some hospitals is not standardized enough, the links in the procurement process are not strict, and there is no complete process and supporting documents. For example, there is no relevant document review and paper tickets in the procurement process of some projects, which ultimately leads to the timely start and completion of the project. Secondly, the internal audit management of some hospitals is not sufficient, and the documents such as procurement approval and expenditure report are passed too simply, which leads to the waste and abuse of funds to some extent. The person in charge must carefully review all the approval documents

to prevent unnecessary waste of funds. Finally, some hospitals do not scientifically classify, sort out and confirm their assets. Failure to classify and manage the assets will lead to the inability to track and manage the assets effectively. In the development of the hospital, hospital rules and regulations should be strictly implemented, internal review should be strengthened, procurement process should be improved, etc., in order to provide better medical services and quality medical experience.

(2) The comprehensive strength of the internal audit department is insufficient

First of all, there are deficiencies in the construction of internal audit personnel in some hospitals, and the personnel level of internal audit departments is limited, which can not effectively supervise and control all aspects of the procurement process. Lack of professional knowledge and practical experience, internal audit staff often do not have a deep understanding of policies, regulations and procurement standards, which is easy to lead to irregular procurement procedures, incomplete documents, and even violations. Secondly, some hospitals lack the coordination mechanism between the internal audit department and other departments, resulting in the internal audit department can not closely cooperate with other departments to jointly promote the procurement work. Sometimes, the internal audit department and the procurement department have great conflicts of interest, and it is difficult to reach a consensus, which leads to the delay of the procurement process and the shortage of materials. In view of these problems, hospitals should actively promote the construction of internal audit department and improve the quality of internal audit personnel.

(3) Backward auditing methods

Hospital material procurement is an important part of hospital operation, and internal audit is an important means to ensure the compliance of hospital procurement. However, some hospital materials procurement internal audit methods lag behind, affecting the role of internal audit, especially in some primary hospitals this problem is more obvious. The backwardness of the internal audit means of hospital materials procurement is mainly manifested in the cumbersome and error-prone manual processing process and the low degree of information technology. In some hospitals, the review, acceptance, warehousing and other aspects of material procurement need to rely on paper documents constantly transmitted, which is a waste of time and prone to errors. In addition, some hospitals have a low degree of information technology in procurement, unable to realize the automatic statistics and analysis of procurement process data, and it is difficult to grasp the situation of material procurement in time. In order to solve these problems, hospitals should strengthen internal audit means, promote information construction and optimize management mode.

### **3. the hospital to carry out material procurement internal audit work mode optimization countermeasures**

(1) Establish and improve internal audit institutions and internal audit systems

In order to ensure the legal compliance of hospital material procurement, it is necessary to establish a sound internal audit institution and internal audit system. First of all, the hospital should establish a special internal audit organization and recruit internal auditors with rich experience, including excellent talents in management, law and other professional fields. The internal auditor should understand the hospital's procurement policies, laws and regulations and operation norms, and be able to conduct an in-depth analysis of the problems arising in the material procurement process and provide reasonable solutions. At the same time, in order to ensure the impartiality and independence of the audit work, the internal audit institution should report directly to the board of directors or the Board of supervisors to avoid interacting with the procurement personnel. Secondly, a strict internal audit system should be established. Internal audit is divided into two forms: routine audit and special audit. Routine audit mainly focuses on routine procurement of hospitals, and special audit focuses on critical or high-risk procurement matters. The key audit matters should be determined in the purchase process, and the procurement risk monitoring model should be established, and the risk control steps should be integrated into each link of the procurement work. The internal audit system should clearly specify the process and procedure of audit work, and reflect the coordination and cooperation between internal control audit and internal audit. The system shall specify the accounting standards for procurement work. For the problems in the material procurement process, the internal audit body should find out in time and put forward improvement measures. Finally, the internal audit reporting system should be established. During the work, the internal audit institution shall issue a report to report the results of the audit to the management and the board of supervisors. The internal audit report shall be presented in the form of an unconventional report and shall be kept confidential. It should cover every link of the procurement work, covering the system environment and control environment, risk assessment and prevention, procurement process and strategy, procurement follow-up work, etc., and put forward reasonable and specific opinions and suggestions for problems arising. The establishment and improvement of internal audit institutions and internal audit systems are the key backbone measures to ensure the smooth, transparent and compliant procurement of hospital materials. To establish a sound system and strictly supervise and manage the quality and process of material procurement is an important means to maintain the normal operation of the hospital.

(2) Strengthen the construction of internal audit team

In the internal audit of hospital material procurement, the role of internal auditors should not be underestimated, they are the guardians of the hospital's internal control system. Strengthening the construction of internal audit team is a crucial part of the material procurement work. First of all, in the process of strengthening the construction of internal audit team, we should pay attention to the promotion of professional knowledge and skills. As an internal audit personnel should have a solid knowledge of accounting, auditing, law and other aspects, can correctly use the principles and methods of procurement management and financial management, to ensure the legality, standardization and integrity of the procurement process; Need to master the knowledge of information technology, in order to

better use information technology tools for data analysis, to ensure the accuracy of audit data. Secondly, in the process of strengthening the construction of internal audit team, we should also pay attention to the construction of professional ethics and quality of internal audit personnel. Internal auditors should have high moral, strict discipline of professional ethics and behavior quality; They should strictly abide by relevant laws, regulations and professional norms, be fair, objective, independent and confidential, and be free from interference and influence by any external forces. Thirdly, in the process of strengthening the construction of internal audit team, we should attach importance to the construction of cooperation and coordination mechanism, and promote the coordination of procurement management, financial management, supply chain management and other links, so as to reduce the mistakes and loopholes in the procurement process and improve the overall internal management level. In other words, it is necessary to establish an effective communication mechanism between the procurement department, the financial department, the internal audit department and other departments to ensure that the internal audit department and other departments can communicate and coordinate with each other in a timely manner, so as to ensure the accuracy and standardization of data in material procurement.

### (3) The use of information means to promote the efficiency of internal audit

In order to avoid financial risks and strengthen internal supervision and verification, the hospital material procurement department has continuously improved the internal audit mechanism and carried out internal audit work. The traditional internal audit work relies on manual data entry, summary accounting and other operations need to spend a lot of time and energy. Moreover, with the continuous expansion of the scale of the hospital, the audit work of the internal auditor has become cumbersome, which brings greater financial burden to the hospital material procurement department. Therefore, the internal audit work should adopt information means to boost work efficiency and improve audit accuracy. First of all, the hospital should use internal audit software for internal audit work. The internal audit software can provide convenience for internal auditors to manage financial information, and assist them to automate the financial information of hospital material purchase. Through the information-based internal audit software, internal auditors only need to input relevant data in the system to obtain the corresponding audit information, avoiding complex manual operation, saving audit time and cost. Secondly, the hospital can use the financial management system to monitor the flow of funds in real time, and improve the depth and breadth of the procurement internal audit. The hospital should choose the financial management system according to the flow of funds, and use the system to monitor the cost flow of drug procurement and hospital equipment procurement in real time, so as to ensure the rationality of procurement costs, prevent the waste of funds and reduce the risk of funds. Finally, the hospital should adopt the data analysis technology to realize the scientific management of the procurement process. Through data analysis, it is convenient to check the business situation of purchasing department and suppliers; You can understand the operation of the purchasing department, find the key data impact and breakthrough according to the business data, and solve the problems existing in the procurement process. In the process of promoting the internal audit of material procurement, the hospital should attach importance to the application of big data and strengthen the management of the procurement process with the help of relevant data analysis technology.

## Epilogue

All in all, it is of great practical significance for hospitals to carry out internal audit of material procurement, which can not only solve various problems in the procurement process of hospital materials, improve the compliance, transparency and efficiency of the procurement process, but also strengthen the management level of hospitals, so as to further promote the overall development of hospitals. In the development of hospital, we should pay attention to the internal audit of material procurement, and put forward corresponding improvement strategies in view of the existing problems.

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