



# Practice and Thinking of Internal Control Management in Public Hospital — Taking G Hospital as an Example

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**Abstract:** Hospital internal control system is an important link to ensure the safety and quality of hospital operation. Hospitals should establish a sound internal control system to effectively manage and control risks. In practice, the hospital internal control system management is facing a certain degree of challenge and reflection. This paper will analyze the problems in the internal control management of public hospitals by evaluating the internal control of 3AG hospitals, and gradually explore how to improve the effectiveness of internal control management.

**Keywords:** hospital internal control; risk management; internal control management; intelligence; fine management

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## 1. Background

In recent years, our country has issued a series of policies to promote the reform of medical and health system and the internal control management of public hospitals. For example, the Key Tasks for Deepening the Medical and Health System Reform in the Second Half of 2023 and the Administrative Measures for the Internal Control of Public Hospitals. The implementation of these policies makes public hospitals in the external supervision and internal control has been continuously strengthened. However, in practice, there are still some problems worthy of attention. In order to achieve high-quality hospital development, we need to innovate management methods and improve management efficiency. This includes ensuring the accuracy, completeness and authenticity of financial information, improving operational efficiency and preventing financial risks, so as to achieve the healthy and stable development of hospitals[1].

## 2. Summary of Internal Control of Public Hospitals

Internal control of public hospitals refers to a series of systems, processes and measures adopted to ensure the effectiveness, efficiency and compliance of business operations, the reliability of financial reports and compliance with laws and regulations. These measures, including risk management, control activities, information and communication, and supervision, aim to supervise and control the medical and economic activities of the hospital, timely discover and deal with the inadequacies therein, promote the implementation of various systems, help the steady development of the hospital, improve the standardization of financial and accounting activities, create higher economic benefits, and prevent possible risks in the course of operation.

Public hospitals are important institutions that provide services to the public. In order to ensure the stable operation of the hospital and improve service quality, the standardization and transparency of financial management is essential[2].

In addition, standardized internal control management practices can not only identify, assess and manage various risks, effectively prevent unnecessary losses and risk events, but also improve the ability of hospitals to cope with and resist risks in the face of changes in external environment, and ensure that hospitals can continuously provide high-quality medical services to patients[3].

## 3. Current situation of internal control practice in G hospital

### 3.1 Imperfect formulation of internal control system

#### 3.1.1 Lagged development of internal control system

Financially, by January 1, 2019, the Hospital Accounting System has been abolished and the Government Accounting System has been implemented. However, G hospital in the implementation process, some accounting items are still based on the old provisions, there is no timely update. This situation may lead to non-standard accounting, inaccurate data, thereby affecting the authenticity and transparency of hospital financial statements.

In the aspect of management and operation, the intelligent application of public hospitals is developing rapidly at

present, but it is accompanied with certain risks. For example, in G Hospital, an intelligent fee collection system has been introduced, whereby a toll collector, at the request of a doctor, directly enters the fee collection system for a refund without the authorization of the person in charge. In the process, there may be a risk of fraud and misappropriation of funds. There is no network monitoring installed in the cash depository of the hospital, and the alarm device of the cash safe is closed for a long time, so there is the risk of cash theft. The failure of the hospital to identify the potential risks brought by the application of information technology and update the internal control system may lead to the staff's lack of restraint and abuse of authority, affect the effectiveness of the internal control system, which is not conducive to the healthy development of public hospitals[4].

### **3.1.2 Conflict between formulation of internal control system and other systems**

When designing internal control systems, hospitals should be consistent with other relevant policies and regulations to help avoid breaking the law and reduce legal and compliance risks. For example, in its infrastructure project management system, G Hospital stipulates that the total amount of advance payments and progress payments for construction projects shall not exceed 80 per cent of the total contract amount, and that the remaining amount shall be paid after the completion settlement audit and a 5 per cent quality guarantee fund shall be retained. On the other hand, the Measures for the Administration of Quality Security Deposit for Construction Projects stipulate that the proportion of total security deposit shall not exceed 3% of the total settlement amount of the construction price. This indicates that in the formulation of the internal control system, if the relevant policies are not fully referred to, the formulated system may not be scientific and reasonable enough to facilitate the positive role of the internal control system and may even affect the social reputation and public trust of hospitals.

### **3.2 Problems in the internal control of hospital drugs**

(1) Although the same drug may vary subtly in efficacy and price depending on its place of origin, the failure of the responsible pharmacist to identify them accurately may result in the wrong distribution of the drug, which may have an impact on patient safety and treatment effectiveness.

(2) For medicines for children, the dosage of the medicines used is lower than that of adults because the medicines have certain side effects. For example, injectable drugs sometimes require only half a dose, but doctors prescribe the entire dose, and when the next child patient uses the same drug, the nurse in the injection room uses the remaining half. Over time, the injection room will be surplus drugs, the remaining drugs will be handed over to the drug warehouse without accounting treatment, which will lead to inconsistent inventory of drugs, causing errors in cost calculation[5].

(3) Drug procurement shall be carried out by the person in charge of the drug. The person in charge of the drug has not worked in rotation for many years, which may lead to excessive risks in drug procurement costs.

These situations reveal that there are significant defects in the internal control of the current hospital drug inventory management, so we urgently need to optimize management system and strengthen supervision mechanism to solve these problems.

### **3.3 Archive management in the process of internal control implementation**

Although G Hospital has specified the specific time for archiving all types of files, there are still some departments failed to timely archive in accordance with the prescribed time requirements. This shows that the hospital leaders and staff in the sense of internal control is deficient, while the importance of the file awareness is insufficient. On the other hand, it also reflects the complexity of archives management, making it difficult for staff to devote their energies to the implementation of archives management after completing their daily work.

## **4. Suggestions on Internal Control Management of G Hospital**

### **4.1 Improve the formulation and implementation mechanism of internal control system**

The management thought of the hospital leadership has decisive influence on the future development of the hospital. Therefore, the leadership needs to first enhance the internal control consciousness, change the past inherent concept of the internal control, and integrate it into the current accounting system to ensure the quality and effectiveness of the internal control.

At the same time, hospitals may set up relevant functional departments, timely follow up national policies, regularly carry out internal control training meetings and exchange seminars, improve the awareness of medical personnel on internal control, and strive to put in place the internal control system so as to make internal control an important part of the overall operation of hospitals.

Finally, the hospital can also implement a regular staff rotation system. The risk of internal fraud and failure can be

effectively reduced by regularly changing the positions of employees who hold the same job for a long time.

#### 4.2 Making use of intelligence to improve the efficiency of internal control

In view of the problems and characteristics of G hospital in the aspect of intelligence, we need to establish a sound internal control continuous optimization mechanism. Internal control management is not fixed, but need to constantly optimize and improve according to the changes of environment and technology in order to discover new risks[6]. The key is to identify risks, so hospitals should organize risk assessment regularly and establish perfect early warning mechanism to improve risk identification and information transmission.

Secondly, intelligent system can be used to effectively improve the efficiency of inventory management. For example, the precise tracking of the origins of medicines, the recording of actual dosage (particularly the use of half-dosage of children's medications), the real-time monitoring of inventories and the automatic correction of discrepancies in quantities to ensure consistency between accounts and facts.

Finally, we should increase the investment in the development of intelligent system, sort out the relevant business, establish an efficient and rigorous collection of materials, business, funds, information as one of the intelligent management platform to achieve the integration of industry and finance management.

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