

Research on Corporate Audit Risks and Solution Paths under the New Retail Model — Teking Yonghui Supermarket as an Example

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Abstract: With the rapid development of the Internet, the traditional retail industry has injected fresh blood and changed the single sales model. The realization of the "online + offline" model, so that the retail industry has more room for development. Although the combination of the retail industry with big data and cloud computing has improved the operational efficiency of the retail industry, it has also led to problems that are different from those of the traditional retail industry. Issues such as increased internal control risks and the urgent need to strengthen the professional and technical capabilities of audit staff raise the risk of auditing under the new retail model. The audit risk can be reduced by improving the audit ability of the audit staff, strengthening the internal control assessment and other solution paths.

Keywords: new retail model, audit risk, solution path

1. The meaning of new retail model

New retail is an integrated retail format that better meets the shopping, entertainment and socialization needs of consumers in an omni-channel and pan-retail format[1]. New retail is the close integration of "online + offline + logistics", and the core is to open up the payment, inventory, service and other aspects of the data[2]. This model breaks the boundaries of the traditional retail industry, realizes a seamless connection between consumers, retailers and suppliers, and significantly improves the consumer experience and operational efficiency.

With the arrival of the Internet era, supermarket enterprises in commodity management, business model, etc. began to use Internet technology, the use of their own advantages, and high turnover, thin margins, small amounts of high-frequency special retail model, combined with technology to provide consumers with a variety of payment methods, self-service and other sales modes, in order to form a form of retail to adapt to the market demand habits.

Yonghui Supermarket is one of the first circulation enterprises in China to introduce fresh agricultural products into modern supermarkets, and is regarded as a model of "agricultural to supermarket" in China by seven ministries and commissions of the state. Through the integration of information technology and continuous innovation[3], its development continues to grow.

2. Problems under the new retail model at the present stage-take Yonghui supermarket as an example

2.1 Diverse means of collection

Generally speaking, supermarkets are traditional offline models with small transaction sizes but large transaction volumes, which makes revenue recognition inherently complex. The operation mode of Yonghui Supermarket has become more complex after the opening of the "new retail mode", and the opening of online operation channels such as self-supporting and third-party platforms, there are issues such as high risk of return, diversified online marketing activities, and revenue allocation of third-party platforms, which affect the revenue recognition[4]. With the development of the Internet, many transaction methods have emerged from the initial cash transactions in addition to bank card transactions. Such as WeChat, Alipay, chanting and other transaction methods are endless. Due to the variety of ways to receive payment, resulting in more and more complex enterprise revenue recognition.

2.2 Complex inventory accounting

In today's increasingly growing economy, people's consumption needs are becoming more and more diversified. In order to meet people's diverse shopping needs, supermarkets will expand the types of inventory in order to differentiate fresh products. Therefore, supermarkets will set up multiple inventory, distribution centers and stores across the country to pull inventory from within. It takes a long time for auditors to account for the inventory.

2.3 Internal control risk

On the basis of summarizing the operational characteristics of China's supermarket enterprises, Ou Xingping analyzes that supermarket enterprises lack knowledge of internal control, which in turn leads to the existence of a generally unreasonable governance structure. The current supermarket exists in the lack of internal control system, internal control organization is not scientific, etc[5]. In 2018, Yonghui Supermarket was found to have 2 batches of unqualified samples all from Yonghui Supermarket in the sampling process. In the same year, Yonghui Supermarket was repeatedly exposed to the problem of unqualified products. This shows that Yonghui Supermarket's internal control has problems. Yonghui Supermarket has not adjusted its internal control process and increased its internal control risk in time when it was exposed to problems. This has led to Yonghui Supermarket in the food safety problems repeatedly. Yonghui Supermarket business expansion, physical stores continue to increase, in this case, if the internal control process is not clear, it will not only have an impact on the quality of food, but also lead to more problems, affecting the long-term development of the enterprise. The effective implementation of internal control procedures while the business scale of the enterprise is expanding is particularly important, and the lack of rigor or absence of internal control processes will increase the audit risk.

3. Audit risks in the new retail model

3.1 Technology risk

With the emergence and development of the "new retail model", traditional supermarkets are gradually combined with the Internet and have the characteristics of e-commerce. Compared with the previous, the degree of informationization has been significantly improved. However, the audit software used by the auditor lacks the analysis of big data and cloud computing. Supermarkets' online operations are dependent on information systems, and security is dependent on information systems to maintain. Once the information system malfunctions or viruses or attacks, the supermarket's operation will be affected, resulting in property losses.

In the daily operation of supermarket enterprises, it is necessary to apply to many enterprise information management systems, such as OA, ERP, CRM, SAP, etc. In the business activities of the enterprise, a large amount of data will be generated, including purchasing, sales, receipts, payments and other kinds of documents, and most of the documents are in the form of electronic vouchers, which are automatically generated and saved through the information system, and compared with the traditional paper-based bills, the Electronic bills are susceptible to tampering and malicious theft. Therefore, it is important to understand a wide variety of electronic voucher information in auditing, and if auditors are not provided with comprehensive information on electronic vouchers, it will increase the audit risk. With the continuous development of the Internet, China's third-party payment platforms have become more and more diversified, providing consumers with many kinds of payment methods, and at the same time bringing a huge workload to auditors. As a result, it is difficult for the auditor to make a judgment on their authenticity during the audit process.

3.2 Related party transaction risk

China's accounting standards explain the specific connotation of related party transactions, in addition to the related party's account transactions, if the transfer of resources between the two parties, with the rights and obligations of the relationship between the two parties are related party transactions. The Securities and Exchange Commission (SEC) defines a transaction amount greater than 30 million yuan as a material related party transaction. Corporate financial fraud needs to maintain the collusive relationship between the three statements, but also the need for the existence of a real flow of funds, the fictional related-party transactions can ensure the balance between the three statements and the existence of a real cash flow, with a high degree of concealment. China's regulatory system requires true and detailed disclosure of related party transactions to avoid unfairness due to unequal rights. Hidden related party transactions can be exempted from supervision, which is a more covert means of fraud.

The coordinated multi-dimensional development of the fresh food supermarket industry and active cooperation in the process of moving towards a new retail business model may increase the number of related parties, with Jingdong investing \$4.3 billion in Yonghui Supermarket in 2017. Guo Honglei and Yuan pointed out that the complication of related-party transactions and subjects can make the transactions ambiguous and hidden, which in turn increases the audit risk[6].

3.3 Lack of composite talents

The transformation of the traditional business model of fresh food supermarkets to new retailing will increase the number of factors that need to be controlled by internal control[7]. Higher requirements are placed on the auditor's profession, and the transformation of the business model will make the internal control environment more complex[8]. Auditors' own

professionalism and ethics will also affect the audit results. The new retail business model as an emerging field in the retail field, many auditors do not have a deep enough understanding of the new retail business model, which will increase the audit risk. Yonghui Supermarket has fully shifted to the digital model, which is different from the previous traditional supermarket business model. It makes full use of information technology and possesses electronic characteristics. Therefore, the auditor has to make judgment on the authenticity and accuracy of accounting information as well as the control process of the accounting information system to carry out a more comprehensive and rigorous accounting audit expertise, as well as to have certain IT technology and knowledge reserves. However, most auditors lack the ability to deal with information technology, lack of knowledge about computers, and the audit evidence obtained by the auditor is single, so that the audit results lack accuracy and precision.

4. Solution paths

4.1 Strengthening the technical skills of auditors

Currently, information technology continues to develop, and the electronicization of audit evidence and the wide coverage of content are the problems faced by the audit of the retail model in China. Traditional auditing methods are not applicable to the current new retail model and are difficult to adapt to the new environmental market. Therefore, it is particularly important to strengthen the technical level of auditors. Auditors face the current environment, not only to have the most traditional accounting, auditing expertise and ability to also have computer technology, big data auditing and other aspects of professional knowledge. Audit firms should raise the entry threshold of the auditor to enhance the auditor's understanding of cross-disciplinary and ability. Regularly train auditors in cloud computing and big data auditing, and regularly assess the knowledge acquired by auditors. Increase in-depth cooperation between IT departments and auditors within accounting firms, and involve IT staff in auditing[9].

4.2 Enhanced internal control assessment

Internal control is an important engine for the development of enterprises, and the specificity of the products in the fresh supermarket industry provides more concealment for financial fraud, and only by strengthening internal control and risk assessment can a long-term mechanism of risk control be formed. Enterprises should strengthen the improvement of the risk control system, compaction management responsibility, you can strengthen the management of the internal management by changing the traditional responsibility system, enhance risk awareness, full coverage and high quality risk prediction before investment, try to effectively control the risk of the investment and operation process. Formulate a reasonable and effective warehouse and inventory management system, introduce advanced equipment, and follow the needs of digital development, so as to reduce the possibility of financial fraud at the level of inventory and warehouse, and thus reduce the risk of the enterprise.

4.3 Development of targeted audit software

In the large supermarket retail industry, the traditional auditing software has been difficult to adapt to the sales model of new retail supermarkets because the data is too complicated. Therefore, the auditing software should be more intelligent, and it should be combined with big data and cloud computing in depth. At this stage, the adaptability and scope of use of China's auditing software is small, and it can't connect well with the financial and office automation system of the audited unit, which will affect the final audit results[10].

To address this problem, accounting firms can cooperate with software developers to develop a set of auditing software combined with cloud computing. Improve the universality of the auditing software, establish information import rules, and import the data of the audited enterprise to the cloud storage, which not only ensures the security of the data, but also ensures the real-time data, and improves the efficiency of the auditor's work.

5. Conclusion

With the increasing growth of the Internet, the new retail model is widely recognized as the future development trend of the retail industry. The new retail model relies on the Internet, combines online and offline, and is deeply integrated with cloud computing technology and big data. The new retail model is different from the traditional retail model, the audit risk of the enterprise is greater, to prevent the audit risk of the new retail model is particularly important, the need for auditors to strengthen their own professional ability, the internal strengthening of internal control assessment within the enterprise, accounting firms to develop targeted auditing software and other measures, the use of advanced information technology systems to assist in the preparation of financial accounting and reporting, improve the efficiency of the audit work, and more

help to Audit risk control.

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