

# Research on Optimization of Internal Control in New Energy Vehicle Enterprises

## -- Taking Company Z as an Example

Jin Chen\*, Yujie Zhang

School of Accountancy, Anhui University of Finance and Economics, Bengbu, Anhui, China

\*Corresponding author: 1730607338@qq.com

### Abstract

This study takes Z Automobile Co., Ltd. as a case study and systematically conducts in-depth research on its unique internal control system. Conduct a comprehensive analysis of the model and characteristics of the company's internal control system, while also focusing on the various difficulties and challenges faced by the system. Through detailed investigation and analysis, we will delve into the composition and operation of the system in order to better understand its internal mechanisms. Firstly, this article takes the current situation of China's new energy vehicle industry as the background, and based on existing research, sorts out the models and characteristics of internal control systems in new energy enterprises, laying the foundation for the external analysis of the difficulties faced by internal control systems in the following text. Secondly, starting from the specific national conditions of China, this article focuses on the main body of the new energy vehicle market, analyzes the characteristics of its internal control system, and based on this, deeply explores the unique characteristics of Company Z, which is also a listed company. Once again, in response to the aforementioned issues, analyze the current situation, reveal the problems, and propose relevant suggestions.

### Keywords

New Energy Vehicle Enterprises; Internal Control; Optimization Research.

## 1. Introduction

With the increasing severity of global climate change and the threat of energy security, clean, low-carbon, and sustainable modes of transportation have become an urgent goal pursued by the global community. As an emerging alternative to traditional internal combustion engine vehicles, new energy vehicles are considered an important development direction for the future automotive industry due to their advantages such as zero emissions, low noise, and high efficiency. In this context, governments of various countries have successively introduced a series of supportive policies to promote the rapid growth of the new energy vehicle industry.

With the deepening of economic globalization, the business environment of enterprises has become increasingly complex. Not only must we cope with the competition in the domestic market, but we must also face the fierce competition in the international market, which makes it increasingly difficult for enterprises to operate. To meet the needs of modern enterprises, comprehensive control capabilities, self identification and assessment of risks, and efficient cross departmental collaboration have gradually replaced external supervision. Among them, the internal control system, as a modern management concept, is increasingly widely used in enterprise management. It helps enterprises establish a more scientific and rigorous management system, focusing on their operational status, formulating targeted measures, and

promoting the long-term development of the enterprise as the fundamental goal. It is a scientific management model.

Firstly, the innovation and transformation speed of new energy vehicle technology is very fast, involving multiple fields such as battery technology, motor control, and intelligent systems. This leads to the need for enterprises to continuously respond to technological risks in the research and development, production, and sales processes, ensuring the safety, reliability, and compliance of new technologies, thereby requiring the internal control system to adapt to the constantly changing technological environment.

Secondly, the supply chain management of the new energy vehicle industry faces greater complexity and instability. Due to the relatively limited supply of core components such as batteries and motors, as well as the complex upstream and downstream relationships in the industrial chain, supply chain risks are particularly prominent. Insufficient internal control may lead to quality issues, production interruptions, and other risks in the supply chain, thereby affecting the operation and reputation of the enterprise.

In addition, the market competition in the new energy vehicle industry is also very fierce. As more enterprises enter this field, the degree of product homogenization is gradually increasing, and consumers' requirements for product quality, performance, and after-sales service are also constantly increasing. In order to gain an advantage in fierce market competition, enterprises need to maintain product competitiveness through continuous innovation and optimization. In this process, the effectiveness of internal control will directly affect product quality and market reputation.

Finally, the new energy vehicle industry has also received widespread support and regulation from governments around the world. The series of policies and regulations introduced by the government not only provide development opportunities for enterprises, but also put forward higher requirements for their internal control. Enterprises need to comply with environmental regulations, product quality standards, and ensure compliance in data security, intellectual property, and other aspects, all of which require the establishment of a sound internal control system.

Given the aforementioned characteristics and challenges in the new energy vehicle industry, optimizing internal controls is particularly urgent. In this context, research on internal control of new energy vehicle enterprises has become particularly important. By conducting in-depth research on the internal control status, problems, and impacts of new energy vehicle enterprises, targeted improvement suggestions can be provided to enhance their compliance, risk management level, and operational efficiency, thereby promoting the healthy development of the entire industry.

Therefore, this paper aims to explore the optimization of internal control in new energy vehicle enterprises using Z Automobile Co., Ltd. as an example, analyze the challenges and impacts it faces, and propose relevant research methods and strategies to provide practical guidance and theoretical support for the optimization of internal control in the new energy vehicle industry. Through in-depth research on this important topic, the essential characteristics and optimization paths of internal control in the new energy vehicle industry can be better revealed, contributing to the sustainable development of the industry.

## **2. Current Situation of Internal Control in New Energy Vehicle Enterprises**

With the continuous intensification of global environmental issues and the growing call for sustainable development, the new energy vehicle industry, as an important component of the automotive industry, is gradually emerging and showing strong development momentum. In this rapidly developing context, internal control systems have become an important guarantee for ensuring efficient and stable operation of enterprises.

### **2.1. Challenges of Technological Innovation and Environmental Change**

The new energy vehicle industry is a typical technology intensive industry, which includes a series of highly complex and constantly evolving technologies such as battery technology, electric drive systems, and autonomous driving technology. The continuous progress and innovation of these technologies have a direct impact on the competitiveness of enterprises. This uncertainty increases the risk for enterprises in research and development, production, and marketing. Therefore, most new energy vehicle companies will establish relatively flexible internal control mechanisms and timely monitoring systems to ensure that they can adapt to technological innovation and market changes, reduce risks, improve operational efficiency, and ensure product quality and sustainable development.

### **2.2. Social Responsibility and Brand Image**

New energy vehicle enterprises are not only economic entities, but also shoulder environmental and social responsibilities, often carrying the expectations of society for environmental protection and sustainable development. Consumers are increasingly paying attention to corporate social responsibility and brand image when purchasing cars. Environmental image, social responsibility fulfillment, and other factors have become one of the key factors in consumer car purchasing decisions. A company that focuses on social responsibility and establishes a good brand image is more likely to win the trust and favor of consumers. Therefore, new energy vehicle companies need to ensure that their production and operation processes comply with environmental standards, enhance their social image through transparent information disclosure in internal control, establish a sound social responsibility internal control mechanism, timely issue response policies for some negative news, and actively communicate with the media and stakeholders.

### **2.3. Talent Management and Training**

The field of new energy vehicles is at the forefront of technological innovation, requiring highly specialized and innovative talents. However, due to the particularity of the new energy vehicle field, there is a relative shortage of high-end technical talents. In addition, the competition in the new energy vehicle market is fierce, and enterprises need to continuously improve their competitiveness. A team with professional knowledge and skills can better drive product research and development, production, and market promotion, thereby occupying a favorable position in competition. Therefore, compared to other traditional enterprises, new energy vehicle enterprises need to improve the comprehensive quality of employees through talent management and training, ensure the stable and efficient operation of the technical team, and adapt to the rapidly changing technological needs of the industry.

### **2.4. Intelligence and Data Security**

With the development of new energy vehicles, the application of intelligent technology has become a trend, covering multiple fields such as autonomous driving, remote monitoring, and vehicle networking. New energy vehicles often integrate intelligent technology, involving a large amount of data collection and processing. The widespread application of these technologies has brought great convenience, but it is also accompanied by challenges in data security. Therefore, internal control systems need to strengthen management in terms of intelligence and data security to ensure user privacy and information security. The internal control system needs to clarify the application scope and data collection methods of intelligent technology. For intelligent functions involving data collection, the type, scope, and purpose of collected data should be clearly defined, and users should be fully informed and have the right to choose during use to prevent data leakage and abuse risks, providing strong support for the sustainable development of the new energy vehicle industry.

### **3. Analysis of the Current Situation and Problems of Internal Control in Z Automobile Co., Ltd**

#### **3.1. Internal Control Status of Z Automobile Co., Ltd**

##### **3.1.1. Internal Control Environment**

(1) Organizational structure. The daily management of Automobile Company Z is the responsibility of a management committee composed of six members: Chairman and CEO, Director and President, Executive Vice President and Chairman of the Quality Management Committee, Executive Vice President and Chairman of the Product Committee, Chief Financial Officer, and CEO of the United States. The committee also needs to execute various decisions of the board of directors. At the same time, Automobile Company Z has established multiple board committees, such as the Audit Committee, Compensation Committee, and Nomination and ESG Committee, which are responsible for monitoring and providing recommendations in specific areas, improving the professionalism and accuracy of decision-making. Automobile Company Z has also established a comprehensive internal control and compliance mechanism, with the board of directors taking full responsibility for the company's operations, responsible for evaluating and supervising development directions and strategies, regularly listening to reports from various departments, identifying, evaluating, and managing risks related to the company's operations, and clarifying the rights and responsibilities with subordinate committees at all levels. In addition, the company also collaborates with third-party professional organizations to conduct external audits and evaluations to ensure the objective effectiveness of the internal control system and work together to ensure the stable operation of the company.

(2) Corporate culture. Automobile Company Z aspires to become a value driven enterprise, with the real name of creating a happy lifestyle and the vision of becoming a user driven enterprise. Adhering to the four core values of sincerity, care, foresight, and action, we are committed to creating a dynamic, open, and inclusive work environment, encouraging employees to fully unleash their creativity,. The company advocates an open communication and collaborative atmosphere, encouraging employees to share ideas, experiences, and insights. Z Automobile emphasizes diversity and inclusivity, providing employees with equal opportunities and resources, and creating a dynamic and diverse work environment. At the same time, Z Automobile always insists on putting customer needs first and is committed to providing customers with high-quality products and services. The company continuously improves its products by gaining a deep understanding of customers and meeting their expectations and needs.

(3) Human resources. As a member of the United Nations Global Compact (UNGC), Automobile Company Z fully safeguards the legitimate rights and interests of its employees, continuously carries out the layout and construction of a diversified and globalized talent team, and has global employees from over 20 countries and regions. As of the end of 2021, Automobile Company Z has a total of 15204 employees, employing a total of 98 disabled employees, with female employees accounting for 11.1% of the management staff. Based on the company's value chain, Automobile Company Z has established a unique employee career development system - the NCP system. For professional channels, every fresh graduate, vehicle research and development engineer, technician, road service personnel, etc. have their own long-term development path planning. To promote the construction of the NPC system, we have established NPC career development teams for each position, responsible for standard design, job level evaluation, and professional talent development planning.

### 3.1.2. Risk Assessment

A sound internal control and risk management system helps to reduce operational risks. Automobile Company Z has established an efficient risk management and internal control system and integrated it into the process of business operations. Automobile Company Z authorizes the Audit Committee to monitor and manage overall risks, and relevant departments such as the Internal Audit Department, Compliance, and Risk Management regularly evaluate the effectiveness of risk management and internal control systems. Automobile Company Z actively carries out internal audit work, in addition to domestic and international risk audits and standardized audits, in response to the company's business and operational dynamics, and in combination with the urgent audit needs proposed by the company's executive committee, special audits are carried out in areas that need to be further explored, and risk pre control and response deployments are carried out through control measures. On this basis, Automobile Company Z continuously updates the risk identification list based on the company's operational status, provides feedback on risk management suggestions, and comprehensively controls them to ensure the effective implementation of internal control and risk management, as well as subsequent improvement work, to safeguard the overall interests of shareholders and all stakeholders.

### 3.1.3. Control Activities

At present, the internal control activities of Automobile Company Z mainly include comprehensive budget control, financial system control, and performance evaluation control

Firstly, it is comprehensive budget control. Automobile Company Z implements comprehensive budget control to manage the company's financial situation, expenses, and business activities. The company will formulate an annual budget plan based on market trends, company strategy and goals, as well as industry competition and other factors, including expected values of sales revenue, costs, expenses and other indicators. The annual budget will be allocated to various departments and projects to ensure the reasonable allocation of resources and support the development of various business activities of the company. During the actual budget execution process, the financial managers of each region monitor the actual expenditures and business activities that differ from the budget, promptly identify deviations, and take measures to adjust to ensure that all costs are within the budget range. For costs exceeding the budget, relevant reviews and approvals are conducted. Each regional financial manager regularly reports on budget execution to management and relevant departments to ensure that the overall budget control of the company is transparent and timely communicated, while ensuring that the company's cash flow is within the budget range and avoiding serious liquidity issues.

Secondly, financial system control. Automobile Company Z has established a complete financial management system and financial processes to ensure the accuracy, completeness, and security of financial information. The company conducts financial operations through the SAP system, and only authorized personnel can access the financial system. Different access permissions are set according to employee responsibilities and needs to prevent unauthorized personnel from accessing sensitive financial information. Employees are also required to use strong passwords and change passwords regularly for 90 days to protect the financial system from unauthorized access. Implement separation of responsibilities in the financial system to ensure that multiple personnel are involved in critical financial processes, in order to prevent internal fraud and misoperation.

Finally, performance evaluation control. To better evaluate the value and work outcomes created by each individual, department, and cluster, Automobile Company Z utilizes two tools, the VI Value Index and the EI Driver Index, to conduct value and success evaluations. VI refers to an evaluation questionnaire based on four values and 18 specific behavioral standards. It organizes 360 degree feedback and evaluation for all employees once a year, with the aim of

personal development, to help employees better understand their daily work behavior; EI is a work success assessment tool closely driven by five values, which evaluates work results reasonably by practicing the work methods and guidelines advocated by the company. Automobile Company Z has established a multiple calibration mechanism during the evaluation process, and has set up comprehensive explanations and open communication channels before and after the evaluation to ensure the authenticity, fairness, and effectiveness of the evaluation. If employees have doubts or objections to their performance evaluation, they can directly feedback the evaluation opinions to the Value Committee.

#### **3.1.4. Information and Communication**

Automobile Company Z builds an internal communication platform through internal websites, corporate social platforms, emails, and other means to publish company news, business updates, internal activities, and other information, making it convenient for employees to access information at any time. It also establishes a unique speaker forum to encourage employees to actively participate in enterprise management and cultural construction. Regularly hold internal meetings and training to introduce the company's business situation, internal control policies, etc. to employees.

For external partners, unified control is achieved through the Global Purchasing System, which supports the creation, approval, change, and closure of purchase orders, achieving full control of the procurement process, and real-time tracking of procurement costs, expenses, and budgets. Cost control and expense accounting are supported to ensure that procurement activities comply with regulations and internal regulations, and to support the management and review of procurement compliance, Integrate with other systems of the enterprise, such as ERP and SAP systems, to achieve seamless data transmission and sharing.

Automobile Company Z has established an information security working group led by the Executive Committee, responsible for the overall information security construction of the company. Referring to the ISO/IEC 27001:2013 information security management system standard, the company has built an overall information security system, fully defining the management objectives, organizational responsibilities, framework requirements, and management strategies in various fields of information security, including personnel, physical environment, access control, security incidents, etc Information security requirements and process checkpoints have been established in various aspects such as partner management and product development lifecycle. As of 2022, Automobile Company Z has passed the international authoritative ISO27001 information security certification and UNECER155 vehicle network security management system certification. The TSP remote information processing service platform has also passed the evaluation and filing of the national information security level protection (Level 3).

#### **3.1.5. Supervision Activities**

Automobile Company Z conducted annual internal audits on various provisions of its business conduct and ethical standards, publicly disclosed the Code of Business Conduct and Ethics, and encouraged internal and external stakeholders to abide by ethics and practice corporate values. The board of directors of the company is directly responsible for and supervises relevant matters related to corporate compliance, and authorizes the audit committee to carry out relevant management work, formulate a series of internal systems and articles of association, strictly regulate the business behavior and activities of employees, and avoid favoritism, fraud, or disguised pursuit of personal gain. At the same time, a complete integrity reporting management mechanism should be established, and an "Ethics and Compliance Reporting Policy and Procedure" should be established to open up diverse reporting channels to employees, users, and partners, ensuring that all relevant parties can supervise the company's business work through reporting hotlines, email, online reporting, and other channels.

Once a complaint or report is received, the Ethics and Compliance Committee will conduct a thorough evaluation of the incident and decide on appropriate actions to be taken. If the person involved in the report is a vice president or above, the reported incident will be reported to the board of directors or audit committee for further work. At the same time, Automobile Company Z adheres to the principles of confidentiality and anti retaliation, fully protects the personal information and reporting materials of whistleblowers, and handles any form of retaliatory behavior in accordance with the law, appointing an ethics and compliance committee for comprehensive supervision.

### **3.2. Analysis of Internal Control Issues in Z Automobile Co., Ltd**

This article takes internal employees of Automobile Company Z as the research object, and conducts a survey and research on the real situation of internal control in Automobile Company Z, in order to have a deeper understanding of the internal control management system of Automobile Company Z. In order to improve the validity of the questionnaire, we conducted a survey and research on different types of workers within the company in July 2023. At the same time, to improve the effectiveness of questionnaire filling, we adopted on-site distribution and collection, and provided guidance on questionnaire filling on the spot. A total of 150 questionnaires were distributed in this survey, and 132 valid questionnaires were collected after excluding invalid ones. Table 4-1 shows the sources of questionnaire information, with a total of 75 responses from males and 57 responses from females.

#### **3.2.1. Internal Control Environmental Issues**

According to the data collected from the survey questionnaire, 31.41% of enterprise employees are satisfied with the control environment, 52.85% express dissatisfaction, and 15.74% of employees do not express any opinions on the control environment. The company's internal control environment mainly faces three problems: a lack of employee training activities, talent management challenges brought about by rapid expansion, and inadequate human resource policies. (1) Lack of employee training activities. (2) The talent management challenges brought about by rapid expansion. (3) The human resources policy is not sound.

#### **3.2.2. Risk Assessment Level Issues**

According to the data collected from the survey questionnaire, 41.37% of enterprise employees are satisfied with the control environment, 48.77% express dissatisfaction, and 9.86% of employees do not express any opinions on the control environment. At the level of internal control environment of the company, there are mainly two problems: the rigid form of enterprise risk assessment and the lack of risk management ability of the enterprise. (1) The form of enterprise risk assessment is fixed. (2) Enterprises lack the ability to handle risks.

#### **3.2.3. Control Activity Level Issues**

According to the data collected from the survey questionnaire, 24.8% of enterprise employees are satisfied with the control environment, 38.37% express dissatisfaction, and 36.82% of employees do not express any opinions on the control environment. At the level of internal control environment, the company mainly faces two problems: insufficient construction of financial mechanisms and incomplete contract archiving. (1) Insufficient construction of financial mechanism. (2) The contract filing is not complete enough.

#### **3.2.4. Information and Communication Issues**

According to the data collected from the survey questionnaire, 36.04% of enterprise employees are satisfied with the control environment, 48.23% express dissatisfaction, and 15.73% of employees do not express any opinions on the control environment. The company's internal control environment mainly faces three problems: poor communication across departments, difficulties in cross regional communication, and inadequate online processes. (1) Difficulty in

cross departmental communication. (2) Difficulty in cross regional communication. (3) The online process is not perfect enough.

### **3.2.5. Internal Supervision Issues**

According to the data collected from the survey questionnaire, 45.51% of enterprise employees are satisfied with the control environment, 33.12% express dissatisfaction, and 21.37% of employees do not express any opinions on the control environment. The company's internal control environment mainly faces three problems: poor communication across departments, difficulties in cross regional communication, and inadequate online processes. (1) The scope of internal audit work is narrow. (2) The internal audit team still needs improvement.

## **4. Internal Control Optimization Measures of Z Automobile Co., Ltd**

### **4.1. Optimize the Internal Control Environment**

#### **4.1.1. Improve Employee Training Activities**

In response to the problems in employee training, Automobile Company Z can take a series of internal control optimization measures to enhance the effectiveness and comprehensiveness of employee training, promote organizational innovation and competitiveness.

(1) Diversified training formats. Although online training is flexible, it is not suitable for all employees. In innovative enterprises like Z Automobile, diversified training forms can play an important role in adapting to the rapidly changing business environment and the learning preferences of different employees. The company can consider introducing diverse forms of training, such as offline courses, seminars, workshops, etc., where employees and instructors interact face-to-face to solve problems and doubts, participate in actual case analysis and team cooperation, to meet the learning needs and habits of different employees, and provide a more interactive and practical learning experience.

(2) Establish mandatory training. To ensure that employees receive necessary training, the company can establish some mandatory training courses. With the continuous upgrading of industry competition, the technology and business models in the field of new energy vehicles are also rapidly evolving. To maintain a competitive advantage, employees need to possess up-to-date professional knowledge. By establishing mandatory training, employees can be ensured to receive training in necessary fields, thereby maintaining the company's leading position in technology and business. Automobile Company Z can formulate relevant policies and regulations to clarify the content, frequency, and standards of training. For example, it can be stipulated that employees are required to participate in a certain number of mandatory training courses each year, including necessary technical knowledge training, professional ethics training, etc. At the same time, corresponding training and assessment mechanisms can be established to ensure that employees participate in training and master necessary knowledge and skills.

(3) Establish a training evaluation mechanism. After each training session, introduce training effectiveness evaluation to allow employees to provide feedback on their learning experience and gains. Collect feedback through questionnaire surveys, face-to-face interviews, and other methods to understand the actual effectiveness of training, and continuously optimize training content and methods based on feedback.

#### **4.1.2. Strengthen the Support of High-quality Talents**

In the face of challenges in intern management, especially in the relationship with internal control, Z Automobile can establish a comprehensive intern training plan, covering job responsibilities, internal control processes, work standards, and other aspects, to ensure that interns can understand the company's internal control requirements in the early stages of employment and can carry out work in a targeted manner. At the same time, introduce a mentor

system to allow experienced employees to impart practical operational experience and ensure the inheritance of knowledge. For the work of interns, clarify the internal control process, ensure that interns understand the internal control requirements of each link, and avoid internal control loopholes caused by improper operation. At the same time, clarify the responsibilities of relevant positions, including the superiors and mentors of interns, to ensure the quality of work for each intern. In order to improve work quality and stability, Automobile Company Z can consider introducing a stability mechanism, establishing a long-term internship plan, and regularly evaluating interns comprehensively, including work performance, learning progress, team cooperation, etc. Based on the evaluation results, excellent interns can be provided with opportunities to extend their internships or become regular employees. This can to some extent increase the stability of interns in the internal control process, Encourage them to invest more time and energy in order to better integrate into internal control processes.

#### **4.1.3. Establish Transparent Incentive Mechanisms and Standardized Assessment Systems**

In order to optimize internal controls and address human resource management issues, Automobile Company Z can adopt a series of rationalization suggestions: firstly, a clear and transparent reward mechanism and salary management system should be established. Secondly, establish a performance evaluation system and clear reward and punishment mechanisms. In addition, strengthen the attendance management system. Introducing technological means, such as clock in systems, to accurately record employee attendance and avoid information omissions or errors. Finally, it is recommended to conduct employee training and communication. Regularly organize training to help employees understand the company's reward mechanism, salary management, performance evaluation, and attendance management policies and regulations, in order to avoid unclear and misleading information.

### **4.2. Improve the Risk Assessment Mechanism**

#### **4.2.1. Optimize Risk Assessment and Adaptability**

On the one hand, Automobile Company Z's internal control system should be more flexible in integrating changes in the external environment. The company can establish a regular external environmental monitoring mechanism to timely understand changes in policies, markets, technologies, and other aspects. This helps companies to predict and evaluate risks before changes occur, thereby better formulating response strategies. In addition to relying on internal data, companies should also actively collect and analyze external information such as industry reports, market research, and expert opinions. Diverse sources of information help companies gain a more comprehensive understanding of the external environment, reduce reliance on single data, and thus more accurately grasp risks. Automobile Company Z can consider establishing a flexible risk response committee composed of representatives from multiple departments, which is responsible for comprehensively evaluating external risks and developing response strategies. Through cross departmental cooperation, professional knowledge from different departments can be integrated, information silos can be reduced, and external risks can be better addressed. In addition, as frontline personnel, employees may have a sharper observation and insight into changes in the external environment. Automobile Company Z can encourage employees to participate more in the risk assessment process. Through employee participation, it can increase the diversity and breadth of external risk assessments and reduce information lag.

On the other hand, Company Z can establish a flexible risk assessment indicator system that not only considers conventional financial indicators, but also includes multiple indicators such as market share, competitive situation, policy changes, etc. It should classify the risks that need to be evaluated, and then analyze them based on the type of risk and its impact, which should be stored in the internal OA system.

#### **4.2.2. Strengthen Strategies for Responding to Negative News**

The lagging response of Automobile Company Z to negative external news can lead to internal control issues. In the highly sensitive new energy vehicle industry, the market environment in which the company operates is quite fragile, and every dynamic may receive widespread social attention.

After the incident, the team can respond quickly, release accurate and transparent information to calm external concerns and prevent further escalation of negative events. The response should be transparent, avoiding the use of vague or ambiguous wording to prevent misunderstandings and negative associations. The company can respond through channels such as press conferences, social media, and company websites, and actively communicate with the media and stakeholders.

Automobile Company Z can develop targeted response strategies for different types of negative events, including pre event plans and post event handling. In terms of pre planning, response plans can be developed for various potential risks, with clear responsibilities and measures, so that actions can be taken quickly in the event of an event. In terms of post event handling, the company should issue a formal official statement as soon as possible, clearly and accurately stating the company's position and explanation, avoiding vague and ambiguous expressions, in order to reduce public opinion misunderstandings. In addition, Automobile Company Z can also verify the effectiveness of emergency response mechanisms through simulation exercises, regularly organize various types of event drills to test the team's ability to respond and the feasibility of processes. Through practical exercises, problems can be identified in a timely manner and solutions can be taken to improve the team's emergency response level.

#### **4.3. Improve the Efficiency of Control Activities**

##### **4.3.1. Optimize Financial Internal Controls**

When facing the problem of insufficient internal control in the financial process, in order to effectively solve this challenge, Automobile Company Z can take a series of in-depth rationalization suggestions to improve the accuracy, stability, and effectiveness of internal control in financial operations.

Firstly, in terms of employee responsibility division and authority setting, Automobile Company Z can develop more detailed and comprehensive operation guidelines, further refine the operation guidelines, clarify the responsibility boundaries between different positions, especially for handling special situations. For special operations that have to be performed by the same person, the requirements for double auditing should be clearly defined to ensure the accuracy and reliability of the operations. At the same time, introducing a job rotation system reduces the dependence of individual personnel on specific operations, increases the level of internal control review, and reduces risks.

Automobile Company Z can establish an emergency response mechanism responsible for real-time monitoring of market trends, social media, and media coverage. In critical areas.

Secondly, in order to better manage financial processes, Automobile Company Z should fully leverage the advantages of the OA system, which can be further optimized and expanded on the existing OA system as the main platform for financial operations. For some operations that cannot be completed in the OA system, the company should have a clear and detailed email operation process, specifying the responsible person for the operation, transmission steps, and information confirmation mechanism. At the same time, establish stricter approval processes to ensure that all financial transactions undergo multi-level approval, reducing the risk of errors and improper operations. Automobile Company Z can consider introducing automated process tools to improve operational consistency and efficiency.

The most crucial thing is that Automobile Company Z should develop detailed archive management standards to address the issue of insufficient archiving of accounting information, ensuring that the storage, organization, and retrieval of accounting information can be carried out according to unified standards. Assign a dedicated person to be responsible for the storage and management of accounting data, ensuring clear archiving and regular organization of the data. To reduce the complexity of paper-based archive management, Automobile Company Z can consider introducing a digital archive management system to facilitate the retrieval and sharing of information. Regular digital backup can ensure the security and integrity of data, and reduce the risk of information loss. At the same time, strict procedures for file organization and archiving are established to ensure that each document has a clear storage location and archiving standard.

#### **4.3.2. Strengthen Contract File Management**

In order to address the issue of insufficient contract archiving, Automobile Company Z can adopt a series of rationalization suggestions to strengthen contract management, improve internal control efficiency, ensure compliance and risk control. On the one hand, the company can establish clear contract management processes and division of responsibilities. Develop detailed guidelines for contract archiving operations, specifying the responsible persons and operational processes for each link throughout the entire lifecycle of the contract. Ensure that every contract is promptly submitted to the legal department for filing after signing. In addition, it is considered to establish a dedicated contract archiving team within the legal department, responsible for the classification, organization, and archiving of contracts, in order to improve archiving efficiency. On the other hand, it can be considered that introducing a digital contract management system can significantly improve the efficiency and accuracy of contract management. This system can help companies achieve electronic storage and retrieval of contracts, reducing the cumbersome management of paper contracts. When signing a contract, electronic signature technology can be used to electronically save the original contract and associate it with the corresponding order for easy retrieval and review at any time. The digital contract management system can also set up reminder functions to ensure timely follow-up of contract archiving and updates. In addition, strengthening training and raising awareness are also key to solving problems. The company can provide relevant training for employees from various departments involved in contract management, clarifying the importance of contract management, operational processes, and the use of digital tools. At the same time, incorporate contract management into the employee performance evaluation system, encourage employees to consciously follow the contract management process, and ensure timely filing of contracts. Finally, it is recommended that the company conduct regular internal reviews and risk assessments of contract management to identify potential issues and address them. Regularly check the status of contract archiving to ensure that all contracts are archived on time and can be obtained at any time. At the same time, conduct internal audits of contract management to ensure the accuracy and compliance of contract terms.

#### **4.4. Improve Information Management and Communication**

##### **4.4.1. Strengthen Cross Departmental Communication**

When facing the challenge of poor cross departmental communication, Automobile Company Z can adopt the following series of rationalization suggestions to promote effective collaboration and information flow between departments, thereby improving overall efficiency and internal control stability. Firstly, Company Z can establish a cross departmental collaboration platform to promote information sharing and team collaboration. This platform can be a dedicated internal website that provides functions such as online discussion areas, message publishing, and file sharing between departments. Through this platform, employees can view the progress,

needs, and issues of other departments at any time, and can also engage in discussions on specific topics, thereby reducing information gaps and promoting information exchange.

Secondly, establish clear communication processes and channels to ensure more standardized and rapid information transmission and feedback. Automobile Company Z can establish regular cross departmental meetings, such as weekly meetings, to allow representatives from different departments to communicate on work progress, needs, and issues. In addition, the introduction of an internal email subscription system or notification mechanism ensures that employees can receive information related to their work in a timely manner, reducing the problem of information lag.

Thirdly, strengthen the communication skills and awareness of employees, and cultivate a proactive culture of information exchange. The company can organize internal training, provide communication skills and team collaboration training, to help employees better cooperate and communicate with other departments. In addition, encourage employees to regularly share their work progress and experience, such as monthly sharing meetings, to promote the sharing of knowledge and information. In order to ensure timely communication of policies and regulations, the company can establish a centralized information dissemination channel, such as the "Latest Announcement" section on the internal website, to ensure that updates to policies and regulations can be promptly communicated to all employees. At the same time, establish a tracking mechanism for policy implementation, such as setting up a dedicated policy implementation team, to ensure that policy implementation and supervision are not constrained by lagging information transmission.

#### **4.4.2. Establishing Global Collaboration Bridges**

When facing challenges in cross regional communication, Automobile Company Z can introduce multilingual communication tools to achieve real-time language translation, ensuring smooth transmission and understanding of information. Provide translation support for important documents and communication, so that employees from different regions can understand key information. When formulating the meeting schedule, it is recommended to choose a working time slot in different regions for the meeting. Cross regional contact persons should be designated in each region as the central figures for information transmission. These contacts can help explain cultural differences, assist in information transmission and provide support, as well as solve cross regional communication problems, ensuring smooth information flow and cooperation, thus enhancing the internal control system and overall operational stability of global business.

### **4.5. Strengthen Internal Supervision Mechanism**

#### **4.5.1. Expand the Scope of Internal Audit**

When facing the challenge of narrow scope of internal audit work, Automobile Company Z can adopt a series of in-depth rationalization suggestions to expand the scope of internal audit, strengthen forward-looking risk management, and improve the effectiveness and comprehensiveness of internal control.

(1) Expand the scope and focus of auditing. In the internal audit plan, business and management level audits should be taken into consideration. In addition to the financial field, the audit team should focus on key business processes and operational activities, such as procurement, sales, production, supply chain management, etc. By auditing these business processes, we can gain a deeper understanding of the operation of internal controls, thereby more accurately identifying potential risks and issues.

(2) Strengthen risk prevention. The audit team should shift their role from post reporting to forward-looking risk management. It is recommended to introduce risk assessment and control measures in business processes, so that internal audit can intervene in advance before risks

occur. For example, a risk management plan can be developed to clearly identify, evaluate, monitor, and respond to risks, ensuring that problems are identified and resolved in the early stages.

(3) Establish a forward-looking risk management mechanism. The company can establish a forward-looking risk management mechanism that closely integrates internal audit with risk management. By analyzing industry trends, market changes, policies and regulations, and other factors, predict potential risks and incorporate them into the internal audit plan. This helps the company adjust its strategy in a timely manner and prevent potential risks. Technology and data analysis support can be introduced to accelerate the efficiency and accuracy of auditing. The audit team can use data analysis to discover abnormal transactions, operations, etc., in order to more quickly identify potential problems and abnormal situations. This helps to enhance the comprehensiveness and accuracy of auditing.

(4) Strengthen communication and cooperation with frontline personnel. Close collaboration with frontline factory and sales personnel is crucial for gaining a deeper understanding of business operations. The audit team can have regular communication meetings and on-site visits with them to understand their actual business situation and issues. Such communication helps to identify the root cause of problems and better grasp the operational status of the company. Through the above in-depth rationalization suggestions, Automobile Company Z can break the narrow scope of internal audit work, expand the audit scope, strengthen forward-looking risk management, thereby improving the effectiveness and comprehensiveness of internal control, and providing stronger support for the company's sustainable development.

#### **4.5.2. Cultivate an Internal Audit Team**

When facing the challenge of insufficient internal audit team size, Automobile Company Z can appropriately increase the number of personnel in the internal audit team based on the company's size and business needs. The number of team members is not only increasing, but more importantly, it is necessary to clarify division of labor, group team members according to different business areas or processes, and ensure that professional auditors are responsible for each field. For example, there can be dedicated auditors responsible for the sales process, auditors responsible for the procurement process, and so on.

The training plan for the audit team should include knowledge and skills from multiple fields, enabling team members to play a role in different business areas. The training content can cover knowledge in areas such as finance, operations, and risk management, helping auditors to have a more comprehensive understanding of the company's operations and potential risks. Automobile Company Z can develop a risk oriented audit plan, determine which business areas have higher risks through risk assessment, and then focus on auditing in these areas. This can ensure the maximum utilization of limited audit resources and cover the most critical risk areas. The audit team can establish close cooperation with various departments to obtain more information and insights. Meanwhile, for audits with specific fields or strong expertise, outsourcing cooperation can be considered. For example, when it comes to complex tax audits, external professional organizations can be commissioned to conduct them. It is also necessary to maintain efficient communication with management and business departments, establish regular communication channels, regularly report audit progress, identified issues and risks to management, provide solutions and improvement suggestions, ensure that they can better meet the company's internal control needs, comprehensively identify risks and issues, and provide solid support for the stable operation and sustainable development of the company.

## **5. Conclusion**

This paper aims to conduct in-depth research on the internal control of new energy vehicle enterprises, analyzing and optimizing Z Automobile as a specific case, and proposing a series of

rationalization suggestions to improve the company's management and control mechanisms. Through this research, we have drawn the following conclusions:

Firstly, the internal control of new energy vehicle enterprises faces many challenges in information management and communication. As an industry leader, Z Automobile is no exception. The problems of poor cross departmental communication and difficulties in cross regional communication highlight the shortcomings of the internal control system. Solving these problems is crucial for improving the overall efficiency of the company and the stability of internal control. Our suggestions, including establishing a cross departmental collaboration platform, developing clear communication processes, and strengthening employee communication skills and awareness, will help eliminate information silos, promote information sharing, and team collaboration.

Secondly, internal audit plays a crucial role in the internal control of new energy vehicle enterprises, but its scope is relatively narrow. This paper suggests expanding the scope of auditing, focusing on key business processes and operational activities, strengthening proactive risk management, establishing proactive risk management mechanisms, and enhancing communication and cooperation with frontline personnel. These measures will help improve the effectiveness and comprehensiveness of internal auditing, and better identify potential risks and issues.

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