

# Aiming at the Application of Financial Control in Project Management

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**Abstract.** in today's era, more and more enterprises have begun to realize the importance of project management business model, for an enterprise, only the ability of project management has been effectively improved, the basis of its survival and development can be guaranteed. This paper defines the role of financial management in enterprise project management, analyzes the shortcomings in the process of applying financial management, and puts forward the corresponding application strategies to realize the optimal allocation of funds through good financial control. promote the sustainable development of enterprises.

**Keywords:** Financial management; Project management; Cost control.

## 1. Introduction

In the past, many enterprises applied financial control in project management, but most of them carried out the planning of the use of funds before the project was carried out, and summarized the application of funds after the completion of the project, and the application of financial control paid too much attention to the form. the effect is often not guaranteed. To ensure that the financial control can play a better role in the process of the project, we must infiltrate the financial control into every link of the project and feedback the capital information on time. to provide a scientific and reasonable basis for the follow-up decision-making of enterprises. Although there are some similarities between financial management and project management, there are also great differences between them. Therefore, it is very important and critical to study how to better play the role of financial control in the process of project management.

## 2. The Role of Financial Management in Enterprise Project Management

### 2.1 Role in Cost Control

In the process of cost control, we must ensure that the management strategy is scientific and reasonable enough, and to improve the rationality of the management strategy, we must refer to the actual situation of the same industry. In the bidding process, to determine the price of the bid more accurately, the enterprise can understand the actual capacity and specific operating conditions of the enterprise according to the financial data of the enterprise. If the financial management of an enterprise is not done well, then the accuracy of its financial data can not be guaranteed, and it is easy to cause the bid price to be too high. To ensure the smooth flow and operation of the funds in the process of the project, the relevant enterprises can only reduce the cost of each construction link to maintain the operation.

### 2.2 The Role in Bidding and Construction

In the process of enterprise project management, financial management plays many roles, such as the management of funds and assets, and the accurate prediction of enterprise development. These functions can better guide the bidding and construction of enterprises. In the construction link, through the development of financial management, the staff can analyze the cost data of the enterprise and get an accurate analysis report, which has a very important reference significance for

guiding enterprise decision-making. The managers and decision-makers of the enterprise can evaluate the bidding price of the project according to the corresponding financial data of the enterprise, which plays an important role in the cost control of the enterprise. Besides, different construction links, the use of funds are also different, through analysis, financial managers can predict the use of funds in each construction link to ensure that the funds are fully utilized in the process of the project.

### **3. Deficiencies in the Application of Financial Management in Project Management**

#### **3.1 Lack of Comprehensiveness in the Application of Financial Management**

Many enterprises have begun to realize the importance of financial management, so they have begun to apply financial management model in the process of related project management, but most of them only stay at a shallow level. Project management mainly includes project decision management, evaluation management, and operation management. Most enterprises only apply financial management in the stage of project operation management. This is precisely the limitation of the application of financial management. Generally speaking, the process of project management is dynamic. To give full play to the role of financial management, it is necessary to infiltrate financial management into every link of project management. In other words, financial management is similar to a method and means of project management. If financial management in the process of project management can not be comprehensive and in-depth, then the effect of its application can not be brought into full play and reflected. In the long run, the traditional management concept will be used in project management, and the innovation of management mode can not be realized.

#### **3.2 Financial Management Data are not Used as a Reference for Project Risk Analysis**

In the process of carrying out project management, the application of financial management is generally not used with risk prevention, which makes the enterprise lack of risk management ability. Through the analysis of the causes of all kinds of risks in the process of project development, we can see that most of the small-scale risks are hidden in the process of project management, and finally bring financial risks to the enterprise because they have not been found for a long time. Also, enterprises in the process of project management, there is no more comprehensive and effective investigation of risk-inducing factors, which will also improve the probability of enterprises facing risks. To alleviate this kind of problem, in the process of applying financial management, enterprises should seriously carry out risk prevention analysis, do a good job in risk management according to enterprise financial data, and further improve the risk prevention ability and resistance ability of enterprises.

### **4. Application Strategy of Financial Management in Project Management**

#### **4.1 Financial Management in the Bidding Stage of the Project**

In the initial bidding stage of the project, carrying out financial management is not only the starting point of project financial management but also the focus of enterprise financial management. Before undertaking the project, the enterprise did not carry out strategy analysis, cost analysis, and benefits analysis through reasonable financial management, resulting in the project price significantly lower than the cost price. Therefore, the enterprise must carry out financial management before undertaking the project, forecast the project benefit through scientific and correct bidding cost budget, and judge whether the enterprise can participate in the process of the project. Carrying out financial management in the bidding stage can help enterprises to fundamentally put an end to the phenomenon of negative profits and zero business commitment rate. For an enterprise, if the prepared bidding price of the project carried out by the enterprise is lower than the estimated project cost, and after comprehensive analysis, it is found that the project lacks

obvious benefit points, to avoid bringing economic losses to itself, the enterprise should decisively give up the bidding of the project; If, after analysis, it is found that the project cost and budget cost of the enterprise to bid are the same, then the enterprise should deeply tap the profit space and comprehensively consider the current market competition situation. Judge whether it is necessary to participate in the bidding process of the project; If, after analysis, it is found that the price of the project to be prepared for bidding is higher than the actual cost of the project, then the enterprise should do a good job in the project budget quotation in the process of participating in the competition to avoid financial risks.

## **4.2 Financial Management in the Process of Project Implementation**

### **4.2.1 Fully and Meticulously do a Good Job in all Kinds of Information Statistics in the Process of Project Implementation.**

For a project, statistical information is the key content and key content of financial cost work in the process of resource input work. Based on these data, financial managers can understand and master the progress of the project and establish a basis for follow-up decisions.

### **4.2.2 Deviation Analysis**

In the process of carrying out the project, the financial department needs to regularly carry out deviation analysis, regularly analyze and statistics the over-expenditure and savings of the project, and run the deviation analysis throughout the whole process of the project. And through the analysis of cost composition and cost management progress, we can comprehensively evaluate the causes of cost deviation, to find out the causes of the deviation, and then formulate corrective measures to deal with the deviation. To ensure that the financial work is carried out smoothly and continuously. The main results are as follows:

1) through the analysis of the deviation in the composition of cost, the deviation of cost is mainly caused by the deviation of labor fee, management fee, equipment fee, and material fee. In the process of analyzing the project cost, we can compare the actual amount of these expenses with the planned amount, correctly understand the actual cost expenditure of the project, determine the causes of the deviation, and then take targeted measures to eliminate the influence of adverse factors.

2) by analyzing the causes of cost deviation through the relationship between cost and schedule, the "earned value method" can be introduced. This method mainly analyzes the relationship between cost deviation and schedule, avoids the cost expenditure in advance, reduces the waste of expenses in the process of project management, improves the management ability of enterprises, and ensures the economic benefits of the project.

### **4.2.3 Deviation Control**

For an enterprise, correcting deviation is the most important work in the financial work of an enterprise in the process of project development. Through analysis, understand the causes of project cost deviation, and then take targeted measures to correct project cost management. Deviation analysis will inevitably have a certain lag, to better control the deviation, we need to do the following work:

1)technical aspects. The expenses involved in different projects are often different, so in the process of carrying out the project, the financial staff should make a comparison of the scheme cost in time and try to choose the construction plan with lower expenditure cost to carry out the construction. further, ensure and improve the profitability of the project. Apply advanced management methods to improve the professional skills of managers and improve the efficiency of project financial management.

2)Progress. For a project, there is often a very close relationship between the progress of the project and the cost of the project. Properly adjusting the progress of the project will have a certain impact on the cost of the project. Therefore, once the construction period is extended or shortened, we must contact Party A to communicate in time and adjust the construction plan to avoid being forced to work or rush to work blindly.

## **5. Financial Management after the Completion of the Project**

### **5.1 Main Contents of Cost Accounting**

After the completion of the project, the relevant departments need to calculate all the data and materials in the process of project implementation, and calculate the expenditure costs, such as labor costs, material costs or other expenses, based on a correct and accurate accounting of the above data, form partial cost management measures to provide a basis for follow-up project assessment.

### **5.2 Form a Real Project**

To carry out cost accounting after the completion of the cost project is not only to calculate the occurrence of various expenses in the process of project development but also to reflect the implementation of the project cost plan. Therefore, the project cost accounting must be based on evidence, true and reliable. Therefore, after the completion of a project, the relevant departments of the enterprise should immediately carry out project cost accounting and make statistics by transferring the bookkeeping in the process of carrying out the project. besides, the financial department also needs to count the cost management by item. to ensure the formation of comprehensive, real and accurate project costs. To ensure that all the data in the project cost are accurate enough, the financial department must strengthen the communication among project statisticians in the process of accounting, compare and account for various expenses, once there is a difference, find out the specific reasons for the difference, and then take effective measures to adjust it appropriately. For example, the difference in materials, financial managers need to know whether there are double calculations and omissions of costs, and so on. In the process of accounting management expenses, we should focus on whether the fixed assets are amortized in strict accordance with the internal regulations of the enterprise, whether the internal capital exchanges are reasonable.

## **6. Conclusion**

In the process of carrying out project management, financial control is very important, the quality of its development will not only directly affect the economic benefits of enterprises, but also have an important impact on the core competitiveness of enterprises. Therefore, within the enterprise, financial managers need to have a comprehensive understanding of financial work, on this basis, to find out the defects in the process of financial control and formulate targeted management measures to ensure that financial control can play a better role. To ensure the orderly operation of enterprise funds at the same time, to achieve the maximization of enterprise profits.

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