

Audit Risks and Countermeasures of Fresh Food E-commerce under the New Retail Model

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Abstract: Driven by the new retail model, the fresh food e-commerce field has witnessed rapid development, attracting numerous enterprises to rush in. However, as the market is gradually becoming saturated and the growth rate is slowing down, the competition among enterprises has become increasingly fierce, and the operating pressure has accordingly increased, which has, to some extent, raised the risk of fraud among fresh food e-commerce enterprises. Under the new retail model, certain changes have taken place in aspects such as the operating environment, business activities, and internal control of fresh food e-commerce, presenting characteristics like multi-channel sales and a large amount of structured and unstructured data. All of these pose certain challenges for auditing. This article analyzes the auditing risks that fresh food-e-commerce has under the new retail model and also discusses the corresponding auditing countermeasures. Because only when auditors have a clear understanding of these risks can they formulate appropriate strategies to deal with them. For example, in the face of complex business models and massive data, auditors need to master advanced auditing techniques and data analysis methods to identify potential risks accurately. Moreover, understanding the internal control changes in fresh food e-commerce enterprises is crucial for auditors to assess whether the existing control systems can effectively prevent and detect possible fraud behaviors, so as to ensure the authenticity and reliability of financial information and safeguard the legitimate rights and interests of stakeholders.

Keywords: New retail model, fresh e-commerce, audit risk, audit response.

1. Introduction

In the era of the Internet's rapid development, the traditional offline sales industry has been strongly impacted by the booming growth of online e-commerce platforms. With a growing number of enterprises flocking to the online sales field, the e-commerce market has become saturated, and its growth rate has gradually slowed down. As a result, the profit margins and future development potential that enterprises can gain by simply developing either an online or offline sales channel alone no longer possess the advantages seen in the early stage of market development. In 2016, Jack Ma proposed that the future of commerce would follow the development direction of the new retail model integrating online and offline. In the same year, the General Office of the State Council issued the "Opinions on Promoting the Innovation and Transformation of Physical Retail", which encouraged enterprises to accelerate business model innovation, adapt to the current consumption trend, and promote the integrated development of online and offline retail. Briefly speaking, the emergence and development of the new retail model have injected new vitality into the development of retail enterprises.

The "2016 Annual China Online Retail Market Data Monitoring Report" released by the China E-Commerce Research Center indicates that in 2016, the overall transaction volume of domestic fresh food e-commerce reached approximately 91.3 billion yuan, registering an 80% growth compared to the previous year. The target user group of the fresh food e-commerce market has been continuously expanding, and the prospective development and profit potential of the market have drawn continuous capital influx.

Under such market development circumstances, JD.com and Alibaba entered the fresh food e-commerce arena, giving

rise to a situation where JD.com and Alibaba are the "two dominant forces" in the fresh food e-commerce market, with other e-commerce platforms like Aixianfeng and Missfresh being among the strong contenders. Due to the impact of the epidemic, consumers' demand for fresh food e-commerce has persisted in increasing, which has not only brought about development opportunities for the industry but also further promoted the integration of online and offline industries. Meanwhile, it has also intensified the internal competition within the market. Factors such as the transformation of traditional retail enterprises, fierce market competition, and diversified consumer demands have posed certain challenges to fresh food e-commerce. Currently, a large number of literature have focused on the possible fraud behaviors and risks in the context of the transformation and development of retail enterprises in the new retail model. However, relatively fewer discussions have been carried out regarding the related issues confronted by fresh food e-commerce in the new retail model. This article analyzes the fraud and audit risks in the fresh e-commerce industry based on the development of fresh e-commerce in the new retail model, and proposes relevant measures and suggestions to address these risks.

2. The Development of Fresh E-commerce under the New Retail Model

With the continuous heating up of the fresh food e-commerce industry, an increasing number of new competitors are pouring into this field, which has promoted the further development of fresh food e-commerce. This industry is gradually showing a trend in the direction of destocking, channel integration, and digital operation^[1]. The changes therein are not only reflected in the adjustment of business

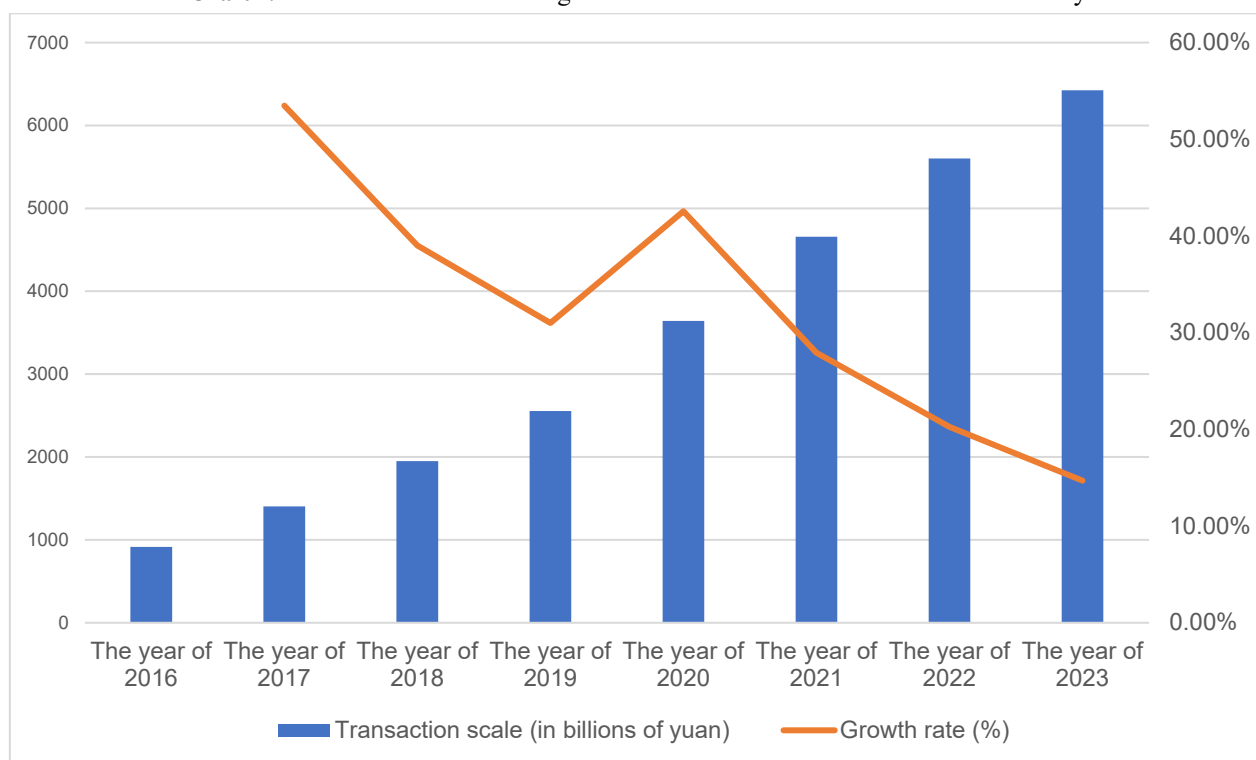
strategies but also in the diversified development of specific business models. For example, as more players enter the market, they adopt different strategies to manage inventory more efficiently, integrate various sales channels to reach a wider customer base, and utilize digital technologies to improve operational efficiency and customer experience. This leads to a more dynamic and competitive market environment in the fresh food e-commerce industry.

At present, the business models of fresh food e-commerce mainly comprise the following five types. The first one is the community group-buying model, which is based on the relationship between the community and the group leader. Through this channel, consumers are able to purchase corresponding goods at a low price discount. The second is the O2O model, which attracts customers via an online platform and then guides them to consume in offline physical stores. The third is the subscription model in which consumers make a one-time payment and the seller provides

goods or services to them regularly. The "pick-up in-store + home delivery" model allows users to select products through an online platform and they can choose to pick them up at the physical store by themselves or have them delivered to their homes. Moreover, the front warehouse model shortens the delivery time and enhances logistics efficiency by setting up warehouses near the consumer market [2].

According to the "2023 Annual China Fresh Food E-commerce & Community Group-buying Market Data Report" regularly released by the E-commerce Research Center of the Net Economy Society, in 2023, the transaction scale of the fresh food e-commerce market reached 642.49 billion yuan, with a year-on-year growth of 14.7%, and the growth rate of the user scale has tended to be stable in recent years, reaching 513 million. From this, it can be seen that the market is becoming mature and saturated, and the products are also tending to be homogeneous.

Chart 1. The transaction scale and growth rate of China's fresh e-commerce industry



Data source: Net Economy and Social Security Annual Report on China's Fresh E-commerce Market Data from the year of 2016 to the year of 2023

In the "2023 Annual China Fresh Food E-commerce Market Research Report", the top three factors that consumers value most when choosing a fresh food e-commerce platform are price, food safety, and platform brand in turn. It is evident that consumers are extremely sensitive to price and pay great attention to product quality and brand. Customers hope to buy high-quality goods and services at a low price, which leads most fresh food e-commerce platforms to adopt a price-oriented competitive strategy. The development of technology has promoted the innovation and integration of fresh food e-commerce in models. Meanwhile, consumer demands exhibit personalized and diversified characteristics. In order to meet this market demand, fresh food e-commerce has added many other categories besides fresh food, such as snack foods, general merchandise, etc. This is because consumers nowadays have more diverse needs and they not

only care about the freshness and quality of fresh food but also expect to be able to purchase other daily necessities on the same platform. As a result, fresh food e-commerce platforms have to constantly adapt and expand their product ranges to remain competitive in the market.

3. Audit Risks of Fresh Food E-commerce Under the New Retail Model

3.1. The risk of material misstatement

3.1.1. At the financial statement level

The risks existing at the financial statement level primarily originate from the deficiencies in the management decisions and internal control of the audited entity, as well as the risks associated with the strategic formulation in its business

activities. These factors can have a significant impact on the reliability and accuracy of the financial statements and thus require careful consideration and assessment during the auditing process.

It is projected that the transaction market of China's fresh food e-commerce will reach 736.79 billion yuan in 2024, which evidently reveals that this industry holds vast development potential. Currently, the fresh food e-commerce market is populated with a large number of enterprises. In addition to the influx of e-commerce giants into the market, striving to secure a portion of the market share, traditional retail enterprises, represented by Yonghui Supermarket, have developed online grocery shopping software and are in the process of transformation through the "online + offline + related services" model. This clearly demonstrates the fierceness of the internal market competition and the magnitude of the operating pressure that enterprises are experiencing. The construction in areas such as warehousing and logistics for fresh food e-commerce invariably demands substantial capital support. Especially in the new retail model, enterprises need to expend a significant amount of manpower and material resources to expedite the integration of online and offline operations. In such an environment, it is possible that fresh food e-commerce enterprises might resort to financial fraud behaviors, fabricating the illusion of favorable operating conditions with the aim of attracting more investment. In an effort to enhance enterprise competitiveness and expand the scale of business operations, fresh food e-commerce enterprises need to inject a large amount of capital into improving various aspects, including their supply chain, warehouse management, and cold chain transportation. However, the target consumers exhibit a relatively high sensitivity to price fluctuations. To gain a competitive edge, enterprises commonly adopt a price competition strategy, luring consumers by means of issuing coupons or providing subsidies. Once these preferential measures are discontinued, enterprises may encounter the issue of user attrition, and as a result, it becomes arduous for them to achieve sustainable profitability. When the management is under immense competitive pressure, there is a likelihood that they will resort to improper fraudulent means to deal with the situation. This is because they may feel compelled to meet the expectations of shareholders and stakeholders in the highly competitive market. The financial fraud could involve inflating revenues, understating expenses, or manipulating financial statements in other ways. Such actions not only undermine the integrity of the financial information but also pose significant risks to the long-term stability and growth of the enterprise.

Secondly, supply chains across the country vary, and consumers in different markets have diverse preferences and demands for fresh products. In regions where seafood consumption is relatively robust, Freshippo will augment the supply of seafood products to meet consumers' needs. It can be inferred from this that the products offered by the same fresh food e-commerce will be adjusted correspondingly in accordance with the regional supply situation and consumer demands. Additionally, fresh products are influenced by factors such as variety, origin, batch, and weather, making it arduous to formulate a universally applicable standard for precise measurement. During transportation, due to the perishable and fragile nature of fresh products, a certain degree of loss is inevitable. With even a slight mismanagement, the loss rate may escalate further. In the new retail model, the high dependence of fresh food e-commerce

on the supply chain heightens the complexity of related businesses. This information asymmetry affords management the opportunity to conduct fraudulent or improper transactions and other false operations by leveraging their authority, enhancing the concealment of such improper behaviors. Moreover, the new retail model combines modern logistics and Internet technology. The processes encompassed in an order are: selecting and placing an order on the platform, the merchant delivering to the doorstep, and the consumer confirming receipt. In this model, fresh food e-commerce business involves multiple links such as placing an order on the platform, online payment, and logistics delivery. Furthermore, with the development of the fresh food e-commerce industry, the types of traded goods have become more diverse, and various promotional means have emerged, like full reduction for consumption, the platform issuing coupons, and enjoying discounts by recharging membership, which are bewildering. Especially for e-commerce adopting the O2O model, due to certain preferential policies launched on the online platform or new user coupons received when using the corresponding software for the first time, the price of the same product when ordered online differs from the offline selling price. The more convoluted transaction process makes revenue recognition even more complex, to some extent increasing the difficulty for certified public accountants in confirming the amount of related business revenue during the auditing process. If there is a lack of a reasonably designed and effectively operating internal control, the complexity of the business can readily provide opportunities for fraud implementation. For instance, in the intricate supply chain and business process, if the internal control over inventory management is lax, it may lead to inaccurate inventory records, which could be exploited by unscrupulous employees for personal gain. Similarly, in the handling of promotions and payments, without stringent control measures, there may be risks of false reporting of transactions or misappropriation of funds. Therefore, strengthening internal control and risk management is of paramount importance for the healthy development of fresh food e-commerce enterprises in the new retail environment.

Furthermore, fresh food e-commerce enterprises encounter strategic formulation risks in their business operations, which are mainly manifested in the lack of internal information communication and internal control. The development of the new retail model has facilitated the in-depth integration of online and offline. As a result, the business activities of fresh food e-commerce are no longer restricted to a single channel; rather, they require the close coordination and synergy of multiple segments including warehouse management and logistics transportation. Only when an enterprise has a relatively high level of internal information exchange and communication capabilities can it gain a quicker understanding of market demands and improve operational efficiency. The absence of such capabilities will lead to chaotic internal management within the enterprise, and the risks it faces will increase correspondingly. In addition, if the management does not place enough emphasis on the design and implementation of internal control, it will pose a certain threat to the sound operation and long-term stable development of the enterprise. Currently, the proportion of sales through online platforms in the operation of fresh food e-commerce is relatively large, and the operation and management mainly rely on financial software and information management systems. This also brings about

potential risks. Since, generally speaking, illegal and irregular problems such as forging financial data are highly likely to occur in the absence of internal control and supervision. Once these problems emerge, they will subsequently damage the reputation and interests of the enterprise. For example, if there is no effective internal control and supervision over the financial software and information management systems, employees with malicious intentions may take advantage of the loopholes to manipulate data, which could result in inaccurate financial statements. These inaccurate statements will mislead investors and stakeholders in their decision-making, and may also disrupt the normal business strategies and operations of the enterprise.

3.1.2. At the assertion level

The risks at the recognition level include the inherent risks and control risks associated with the audited entity. Firstly, the audit risks of fresh food e-commerce in the new retail model stem from the particularities of its business. Due to factors such as seasons and weather, the prices of fresh products exhibit significant volatility, impacting audit considerations. In the sales process, consumers have varying preferences, and fresh food e-commerce engages in differential marketing strategies based on these differing demands of the consumer market. The selling prices of the same product in different regions are also different, with locally produced fresh food typically priced lower than products transported to other regions for sale due to logistics and transportation costs. Even for the same product, the pricing adopted by fresh food e-commerce will vary according to differences in quality, size, and other factors. Under the influence of the new retail model, such price fluctuations are more frequent, making it challenging for enterprises to establish a consistent and standardized pricing framework. Moreover, among the products sold by fresh food e-commerce, perishable foods such as fruits and vegetables account for a considerable proportion. Currently, there are certain limitations in cold-chain logistics and transportation technology, resulting in inevitable damages that are difficult to accurately measure during the transportation process. To compensate for this portion of the loss, the supplier usually bears a part of the cost associated with transportation-related damages. However, this cost-sharing mechanism provides an opportunity for manipulation, thereby elevating audit risks. Under the combined influence of the aforementioned factors, enterprises may be tempted to engage in illegal acts such as inflating revenue in pursuit of personal interests or short-term benefits. During the audit process, certified public accountants (CPAs) need to gather extensive evidence to substantiate the reasonableness of product price changes and loss expenses in the operating income of fresh food enterprises.

In the realm of e-commerce, particularly in the category of fresh fruits and vegetables, a notable cognitive divergence arises between merchants and customers concerning the notion of "freshness." Merchants, guided by industry norms and regulations such as the Food Safety Law of the People's Republic of China, adopt a standard where mild damage incurred within the typical preservation period is deemed acceptable, thereby ensuring product quality. Conversely, consumers tend to apply more stringent criteria when evaluating merchandise, often considering, for example, slightly yellowed leaves on vegetables as indicative of a lack of freshness. Furthermore, the inherent perishability of fresh fruits and vegetables during the transportation process exacerbates the discrepancy between consumers' expectations

and the actual quality of the delivered goods, ultimately resulting in an increase in requests for returns and refunds.

In response to such situations, there are fundamentally two solutions. Firstly, merchant customer service staff will review the pictures taken by customers. If it is confirmed that the products meet the return criteria, they will request consumers to return the goods. Secondly, if the products are indeed severely damaged, the fresh food e-commerce platform will proceed with the refund process. However, this business process entails certain risks. Some merchants may fabricate return records to embellish their financial statements. They enter false return orders without actual returns occurring, aiming to obscure the true operating conditions. This significantly complicates auditors' ability to verify the actual occurrence of relevant transactions through regular order records in the enterprise system. It also poses a challenge for them to confirm the existence, occurrence, accuracy, and completeness of amounts related to transaction items. Moreover, employees in e-commerce enterprises may also create false return records to satisfy personal interests or meet performance indicators assigned by the company. For instance, there may be collusion between warehouse staff and financial personnel, who fabricate the situation of returned goods being restocked. Consequently, during audits, it becomes difficult to ascertain whether the returns truly exist. This interferes with the accurate determination by auditors regarding the existence of return transactions. In auditing work, auditors typically rely on information in the enterprise system to assess the authenticity and rationality of various business operations. However, with the existence of such false return records, the reliability of the data they obtain is greatly diminished. They need to adopt more meticulous inspection methods and cross-verify through multiple channels to attempt to identify potential false information. But this undoubtedly increases the complexity and difficulty of auditing work.

The return business process is also susceptible to the risk of improper handling of returns across accounting periods. To enhance the appearance of the current period's financial statements, fresh food e-commerce enterprises may intentionally defer return transactions that properly belong to the current period to the subsequent period, or conversely, bring forward return transactions from the next period into the current one. For example, at the end of the fiscal year, a company may have received a return request from a consumer and the returned goods have been restocked. However, it did not record these returns in the current period, but chose to input the relevant return data into the system in subsequent periods. Therefore, compared to the actual amount, the sales revenue for this period seems to have been exaggerated, and the related costs have also been correspondingly exaggerated. This distortion affects the accuracy of current financial data. When auditors make audit assertions about the current financial condition, they may not be able to accurately determine the authenticity and accuracy of financial data. Therefore, the risks associated with cut-off assertions have increased. Auditors typically rely on accurate and timely business records to assess a company's financial condition. However, improper handling of returns across accounting periods undermines this reliance, forcing auditors to conduct a thorough review of various documents to identify any violations.

3.2. The detection risk

3.2.1. Auditors' professional competence

On the one hand, under the wave of the new retail, the fresh food e-commerce industry has witnessed the emergence of diversified business models. For example, Freshippo, which adopts the "online + offline" operation mode, integrates fresh food supermarkets, experiential catering, and logistics distribution into one, bringing customers a rich experience. While community group-buying fresh food e-commerce represented by Shihuituan pays more attention to logistics distribution and strives to deliver fresh products to consumers within the shortest time. Faced with these fresh food e-commerce enterprises with different business models, if auditors fail to fully consider the differences among them during the auditing process and simply apply the same auditing procedures while ignoring the attention to each enterprise's business model and operational focus, it will undoubtedly increase the auditing risk and affect the accuracy and reliability of the auditing conclusions.

On the other hand, the operation process of fresh food e-commerce covers multiple complex links such as warehouse management, logistics distribution, and big data analysis. Moreover, business activities rely highly on information systems to record business and financial data. This not only greatly increases the complexity of its business and the diversity of trading activities but also puts forward more stringent requirements for auditors' professional qualities and comprehensive knowledge levels. A qualified auditor needs to possess sufficient industry insight and professional knowledge so that he or she can accurately identify potential problems and risk points in the intricate trading business. If an auditor does not have relevant professional competence, it will be difficult for him or her to discover the possible problems under the complex transactions, thus increasing the auditing risk. Because only when auditors have a profound understanding of the characteristics of different business models and a mastery of various professional skills can they conduct effective audits and provide reliable audit opinions in the context of the complex fresh food e-commerce industry.

3.2.2. The adaptability of audit techniques

Fresh food e-commerce deeply relies on the internet, primarily displaying and selling products through e-commerce platform websites or self-developed APP software. As the scope and scale of e-commerce expand, accounting items and transaction methods have become more complex and diverse. With the development and transformation of technologies such as cloud computing and big data, financial software has become increasingly powerful, meeting not only basic bookkeeping needs but also requirements for enterprise management and financial data sharing. In this context, the amount of data carried by enterprise financial systems has increased dramatically, encompassing not only structured data such as order information and financial statements but also unstructured data such as user evaluations and product images. In contrast, audit software started later and, in its early stages of development, served merely as an auxiliary tool for traditional auditing, with relatively limited functionality. Although audit software has significantly improved in functionality over the years, there is still considerable room for advancement in handling massive data, conducting intelligent analysis, and identifying potential risks. Faced with such a vast amount of data, if relevant staff intentionally conceal financial data or make operational errors,

audit technology may struggle to comprehensively and accurately detect related issues, undoubtedly undermining the credibility of audit conclusions.

Moreover, the issue of compatibility between the financial software utilized by enterprises and audit software cannot be overlooked, as it poses significant constraints on the depth and breadth of auditors' analytical capabilities. The disparity in data formats and interface standards among diverse software applications hinders the comprehensive and meticulous analysis that auditors strive to achieve. Consequently, this discrepancy introduces numerous challenges when it comes to assessing risks within the realm of fresh food e-commerce enterprises, as referenced in^[3]. Such limitations impair auditors' ability to fully and thoroughly analyze the risks associated with fresh food e-commerce enterprises, thereby impeding their capacity to adequately adapt to the evolving audit demands of this burgeoning industry to a certain extent.

4. Audit Responses to Fresh Food E-commerce under the New Retail Model

4.1. Improve the Risk Assessment Process

Compared with the traditional retail model, as the new retail model develops, fresh food e-commerce takes advantage of advanced technologies such as big data and the Internet to facilitate the integration of online and offline. Under this new retail model, the sources of risks are wider and there are more influencing factors.

During the auditing process, auditors are supposed to be familiar with the new retail operation processes of fresh food e-commerce, which cover the integration of online and offline sales channels, logistics and distribution methods, as well as enterprise business channels. Meanwhile, auditors also need to constantly pay attention to the development trends of the new retail industry, the market competition situation and relevant policies and regulations, so that they can improve the traditional risk assessment methods. By doing so, they can comprehensively evaluate whether the enterprise's business strategies and internal control are reasonable and operating effectively, making them more in line with the requirements under the current new retail model.

Especially under the current situation where fresh food e-commerce mainly adopts a competitive strategy of attracting consumers with low prices, a large amount of capital is required to maintain the daily operation of enterprises. As a result, the management often bears relatively large operating pressure. When assessing the risks of relevant enterprises under the new model, auditors can focus on their business strategies and business models and conduct in-depth analysis on the adaptability between them and the actual business situation of the enterprises. Once the business strategies formulated by the enterprises and the business models they adopt do not match the current business situation, it is highly likely that the enterprise management will bear excessive operating pressure, which will often lead to a significant increase in the risk of financial fraud.

In order to effectively cope with this risk, auditors can obtain evidence through multiple channels, such as online platform transaction data and refund records. Moreover, during the process of carrying out risk assessment procedures, it is necessary to incorporate more indicators, including factors like strategic sustainability and user loyalty, into the

scope of assessment to ensure the comprehensiveness and accuracy of the assessment results.

For those new retail enterprises that do not attach enough importance to risk management and have not set up a separate risk management department^[4], it is difficult for them to effectively identify and control various risks. This situation may further result in the generation of audit risks because without proper risk identification and control, the information auditors obtain may not reflect the real situation of the enterprises accurately, thus affecting the accuracy of the audit results.

4.2. Strengthen the focus on auditing fresh food e-commerce

Under the new retail model, the operation of fresh food e-commerce features multi-channel sales and a huge amount of data. When carrying out audit work, auditors need to pay more attention in the following aspects.

Firstly, regarding the information system of fresh food e-commerce, auditors are required to examine the settings of user permissions in the system to ensure that only authorized personnel can conduct operations such as order entry, modification, and deletion, so as to prevent the generation of false orders. For example, they need to check whether the settings of user permissions in the system are reasonable and whether there are situations where some employees are granted system operation permissions that exceed the scope of their regular duties. Especially for such critical operations as order modification and deletion, auditors should request to check whether the system has detailed log records, including the operation time, the operator, and the content of modification or deletion, so that they can trace and review them.

Secondly, auditors need to cooperate with logistics companies to obtain the logistics information of fresh products and verify the authenticity of transactions. By checking whether the shipping time, receiving time, and transportation route in the order information are consistent with the logistics information, they can ensure that the products have indeed been shipped and received by customers. For orders with return situations, auditors also need to pay attention to the logistics information of returns and the handling of refunds to ensure that enterprises properly handle return matters and accurately record relevant financial information.

Finally, if fresh food e-commerce conducts sales on multiple third-party platforms, auditors should compare the transaction data on different platforms to ensure the consistency of the data. Meanwhile, they need to pay attention to the transaction rules and handling fees of third-party platforms and verify whether the enterprise's income calculation is correct, ensuring the authenticity and accuracy of the enterprise's financial information.

In a word, in the complex environment of the new retail model, auditors should be meticulous in every aspect of their work to minimize audit risks and guarantee the reliability of the audit results, which is crucial for the healthy development of fresh food e-commerce enterprises.

4.3. Strengthen the cultivation of talents in composite auditing

In the new retail model, the operation and management of fresh food e-commerce primarily depend on financial software and information management systems, which

involve the application of advanced technologies like big data and cloud computing. This makes the entire business process display the characteristics of complexity and refinement. Against such a backdrop, higher demands are imposed on the auditors who are engaged in the auditing work.

Auditors are required not only to possess solid professional competence, which enables them to accurately judge the authenticity and compliance of financial data in accordance with auditing standards, but also to be proficient in computer application skills. Meanwhile, they need to have a deep understanding of relevant knowledge regarding the industry characteristics, business models, and operation processes of fresh food e-commerce under the new model. This is because only when auditors have a comprehensive understanding of these aspects can they conduct a thorough and accurate audit in the complex business environment of fresh food e-commerce.

To meet these requirements, accounting firms should focus on two crucial aspects, namely recruitment and training. In the recruitment stage, they should actively welcome applicants who possess composite abilities, combining knowledge of Internet technology and accounting professional qualities. These applicants can lay a solid foundation for establishing a composite audit team. Due to the audit team composed of these professionals, they will be able to better respond to the challenges brought by advanced technology and complex business models in the new retail era.

In daily work, it is more important to strengthen regular training for auditors and conduct relevant evaluations regularly. By doing so, the effectiveness of training can be ensured, which is beneficial for auditors to continuously improve their professional skills. For example, through regular training, auditors can keep up with the latest developments in big data analysis technology and cloud computing applications, which is closely related to their work auditing financial software and information management systems of fresh food e-commerce enterprises. Regular evaluations can help identify the strengths and weaknesses of each auditor, enabling them to focus on improving specific areas in subsequent training.

In addition, only by ensuring the effectiveness of training can auditors apply the knowledge they have learned to future effective practices. This will improve the overall quality of audit work, enabling them to confidently face the increasingly complex business operations of fresh food e-commerce under the new retail model, thereby ensuring the accuracy and reliability of audit results. In short, strengthening recruitment and training is of great significance for accounting firms to cultivate high-quality audit teams and adapt to the new challenges in the field of fresh e-commerce audit under the new retail model.

4.4. Optimize audit software

The era of big data has spurred changes in the auditing industry. Against this background, it is of crucial importance for accounting firms to possess applicable audit software and auditing techniques. However, due to limitations such as software development technology, the compatibility between audit software and financial software, as well as cost-benefit factors, it is difficult to meet the complex requirements of fresh food e-commerce enterprises under the new retail model in aspects like data collection, processing, and analysis.

To solve this problem, accounting firms can establish a good cooperative relationship with software development

companies and increase their investment in software development technology, which will prompt the better integration of advanced technologies such as big data and cloud computing and enhance the ability of audit software to handle massive and diverse data. For example, by adopting advanced data mining algorithms, it becomes possible to analyze the structured and unstructured data of online retail enterprises more efficiently. Also, by utilizing the big data auditing platform, operations such as real-time collection, storage, and analysis of the vast amounts of data owned by online retail enterprises can be achieved^[5].

Meanwhile, software development should also focus on resolving the compatibility issue between audit software and financial software^[6]. By establishing unified data interface standards or applying middleware technology, seamless docking and smooth interaction of data between the two can be realized, ensuring that the audit software can accurately obtain the relevant data in the financial software for analysis. This is because only when the data can flow smoothly between the two types of software can auditors obtain accurate and complete financial information, which is essential for them to conduct comprehensive and accurate audits.

Moreover, in the process of cooperation between accounting firms and software development companies, it is necessary to consider the cost-benefit balance. The investment in software development should be reasonable and can bring tangible benefits in improving the efficiency and quality of auditing work. If the cost of developing and applying new audit software is too high and exceeds the benefits it brings, it may not be a viable option for accounting firms. Therefore, continuous evaluation and optimization of the software development and application process are required to ensure that the audit software can effectively meet the actual needs of auditing work in the new era of fresh food e-commerce under the new retail model.

5. Conclusion

The new retail model has been widely regarded as the

future development trend of the retail industry, and its unique model characteristics have brought profound changes to the operation mode, internal control mechanism, and financial situation of existing industries at multiple levels. In the process of transforming the traditional retail industry into a new retail model, coupled with the advancement of technology, auditors need to pay more careful attention to the hidden audit risks when carrying out audit tasks for fresh e-commerce enterprises. Auditors should conduct a comprehensive risk assessment and prediction based on the operational characteristics of fresh e-commerce to ensure effective prevention and control of audit risks.

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