ANALYSIS OF INTERNAL CONTROL SYSTEM IN REVENUE CYCLE

(A Case Study in Sahid Montana Dua Hotel)

By:

Monica Audrey Jaya Suwana

Accounting Department, Brawijaya University

Advisory Lecturer:

Ali Djamhuri, SE., M.Com, Ph.D, Ak

Abstract

Hotel income is not only obtained from a single source, therefore there is a need of management tool that can control and monitor income regularly from each income source. To give optimal contribution for the management, it is necessary to have an appropriate internal control system and good accounting control system so that the demand for relevant information by management can be fulfilled.

This research employs descriptive qualitative approach. This approach is intended to provide a description about the research object which is internal control system in revenue cycle at Sahid Montana Dua Hotel. The data are obtained through observation, interviews, and documentation. Next, the phenomena found are analyzed based on its individual component as set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and evaluated to give some suggestions that can be useful for company and management.

Based on the results of the evaluation, Sahid Montana Dua Hotel has a good internal control system in revenue cycle. However, there are some problems found because of the double duties in some positions that can lead to lack of control. In addition, the existing organizational structure has to be revised because it doesn’t describe the real condition/structure. Some improvements have to be made in the aspect of reporting procedures, organization structure and monitoring, so that the hotel internal control system can be more effective.

Keywords: Accounting Information System, Internal Control System, Revenue cycle
1. INTRODUCTION

The hospitality industry has grown phenomenally since 2001 and it has been driven specifically by both leisure and business demand. According to The World Travel and Tourism Council (WTTC) (2013), it is estimated that in 2015 tourism jobs will increase to 269.5 million. Asia Pacific is the world region that is expected to have the highest growth in tourism job. By having richness in cultural aspect, Indonesia is one of the country that gains national income from tourism sector. Indonesian’s tourism sector attracts both local and foreign tourists. The development of Indonesian’s tourism can not be separated from the development of hospitality industry.

As the growing hospitality industry, there will be a tough competition to reach the targeted income because of the increasing number of competitors. The growth of hospitality industry and more extensive scope of this business create a need of good accounting information system. Bodnar and Hopwood (2010) define accounting information system as a collection of resources, such as people and equipment, designed to transform financial and other data into information. Accounting information system especially in the hotel revenue cycle is very important to support management activities and also for the right management decision making.

In a small company with a modest level of activity, the owner might still be able to directly supervise all operations of the business. But in a big company with more complex activities, it does not only require experienced human resources and experts but also require a strong internal control structure to avoid losses due to leakage in the company's operations.

Sahid Montana Dua Hotel is a member of Sahid Group. The Sahid Group's hotels has grown to become the nation's largest independent hotel chain. Sahid Group is Indonesia's leading independent player in the area of hotel development and management. Internal control system in daily revenue becomes the main priority for the hotel management. Revenue information system in this hotel is already computerized, however there are some manual recording activities. Procedure implementation which is not in accordance with the hotel standards or procedures can cause problems that can affect hotel performance.
As a business entity which generally aims to gain profit, maintain the continuity and manage the development, it has to perform a series of operations effectively, efficiently and economically. Accurate and informative report has a significant role in the success of organization. Report of revenue cycle must meet the needs of management related to the reports of rooms sales, foods and beverages sales, night auditor, and income auditor. Internal control system has to be considered because good internal control is determined by the consistency of procedure implementation.

Because hotel income is not only obtained from a single source, there is a need of management tool that can control and monitor income regularly from each income sources. To give optimal contribution for the management, it is necessary to have an appropriate internal control system to reach company’s goals. In order to create an appropriate internal control system in revenue aspect, it is necessary to have a good accounting control system so that management needs for daily and precise revenue information can be fulfil. Based on the explanation above, the formulated title of this study is “Analysis of Internal Control System in Revenue Cycle (A Case Study in Sahid Montana Dua Hotel)”

2. LITERATURE REVIEW

2.1 Accounting Information System

Based on Gelinas and Sutton (2002:13), an information system is a man-made system generally consisting of an integrated set of computer-based and manual components established to collect, store, and manage data and to provide output information to users. Bodnar and Hopwood (2010) define accounting information system as a collection of resources, such as people and equipment, designed to transform financial and other data into information. According to Gelinas and Sutton (2002:14), the objectives of accounting information system (AIS) is to collect, process, and report information related to the financial aspects of business events.

2.2 Business Processes

Bodnar and Hopwood (2010:8) define business process as an interrelated set of tasks which involves data, organizational units, and a logical time sequence.
Business processes are always triggered by some economic events, and all of them have clearly defined starting and ending points. Business cycle is consist of:

- Revenue cycle: events related to the distribution of goods and services to other entities and the collection of related payments. This includes the outbound logistics (e.g., shipping), sales and service, and marketing, plus supporting finance and accounting.
- Expenditure cycle: events related to the acquisition of goods and services from other entities and the settlement of related obligations. This includes procurement, inbound logistics, and supporting finance and accounting.
- Production cycle: events related to the transformation of resources into goods and services production, as well as supporting finance

2.3 Internal Control System

Committee of Sponsoring Organizations of the Treadway Commission (COSO), a voluntary private organization made up from various influential professional accounting associations, defines internal control as a process effected by an entity’s board of director, management and other personnel, and designed to provide reasonable assurance regarding with the achievement of company’s objective in the following categories:

- Effectiveness and efficiency of operation
- Reliability of reporting
- Compliance with applicable laws and regulation

2.3.1 Elements / Components of Internal Control System

Statement on Auditing Standards No. 78 (SAS No.78), “Consideration of the Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55,” adopted the COSO definition of internal control. The COSO report and SAS No. 78 state that internal control comprises five interrelated components namely:
• Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

• Risk assessment is the entity’s identification and analysis of relevant risks to the achievement of its objectives, forming a basis for determining how the risks should be managed.

• Control activities are the policies and procedures that help to ensure that management directives are carried out.

• Information and communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

• Monitoring is a process that assesses the quality of internal control performance over time.

3. RESEARCH METHOD

3.1 Type of Research

This study employs descriptive qualitative approach. Cooper and Schindler (2008:710) define qualitative research as interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency of certain phenomena. Qualitative research is aimed at gaining a deep understanding of a specific organization or event, rather than a surface description of a large sample of a population.

Case study is employes as the research design of this study. Case studies involve in-depth, contextual analyses of similar situation in other organizations, where the nature and definition of the problem happen to be the same as experienced in the current situation (Sekaran and Bougie, 2010:109).

3.2 Research Object

The research is conducted at Sahid Montana Dua Hotel. The study was carried out during the thesis-writing period (from October 2013 until January 2014) to obtained data and information needed. The research object is the revenue cycle concerned with the internal control system applied by the company.
3.3 Type of Data

This study uses two kinds of data, comprising primary and secondary data.

- **Primary Data**

  Primary data refers to information obtained first-hand by the researcher on the variables of interest for realizing the specific purpose of the study (Sekaran & Bougie, 2010:180). The primary data can be collected from interview and observation.

- **Secondary Data**

  Secondary data refers to information gathered from the existing sources. The secondary data can be in the forms of evidence, document, record or historical report, websites, the internet, and literature text book dealing with hotel revenue cycle and internal control system.

3.4 Data Collection Methods

There are several methods used in the data collection of this study comprising:

- **Literature studies:** The data are collected by reviewing the literature, journals, and other sources related to the topic. The literature used in this research mostly concerns with accounting information system and internal control system.

- **Interview:** Interview is an activity to collect informations and data by asking questions to the related parties. That related parties are people who concerned with room sales and sales in restaurant and cafe, for example receptionist, F&B cashier, accounting staffs and hotel manager.

- **Observation:** Observation is an activity to obtain the data by observing directly the activities and condition of the objects. The check-in and check-out process, operational activities, and the overall hotel’s internal control are observed in this study.

- **Documentation:** Documentation is a technique for gathering data from other sources such as books and documents which provided data information and relevant report of the research object. The documents collected in this research
consist of organizational structure, job description, guest list, guest bill, and daily income report.

3.5 Data Analysis

Technique used to analyze data in this research is cumulative descriptive method. Based on Ramadhana (2011), this is a method for analyzing data which is in the form of words or sentences and drawing conclusion on the data. The data is analyzed based on its individual components as set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The followings are the list and steps of data analysis conducted in this study.

1. Analysis towards control environment in revenue cycle concerning with room sales and restaurant and cafe sales.
   a. Analysis on organization structure, separation of authority and responsibilities in parties concerning with revenue cycle of room sales
   b. Analysis on organization structure, separation of authority and responsibilities in parties concerning with revenue cycle of restaurant and cafe sales

2. Analysis towards risk assessment in revenue cycle concerning with room sales and restaurant and cafe sales.
   a. Analysis on hotel control towards revenue procedure to manage risk that can affect company goals concerning with room sales
   b. Analysis on hotel control towards revenue procedure to manage risk that can affect company’s goals concerning with restaurant and cafe sales

3. Analysis towards control activities in revenue cycle concerning with room sales and restaurant and cafe sales.
   a. Analysis on implementation procedure performed by parties concerning with room sales
   b. Analysis on procedure implementation performed by parties concerning with restaurant and cafe sales
   c. Analysis on the archiving of documents, recording procedures and authorization concerning with room sales
d. Analysis on the archiving of the documents, recording procedures and authorization concerning with restaurant and cafe sales  

e. Analysis on Hotel’s Standard Operating Procedures (SOP)  
f. Analysis of Hotel’s management policies

4. Analysis towards information and communication in revenue cycle concerning with room sales and restaurant and cafe sales.  

a. Analysis on the sufficiency of documents needed for revenue cycle process concerning with room sales  
b. Analysis on the sufficiency of documents needed for revenue cycle process concerning with restaurant and cafe sales  
c. Analysis on the sufficiency of information generated from revenue cycle process concerning with room sales  
d. Analysis on the sufficiency of information generated from revenue cycle process concerning with restaurant and cafe sales

5. Analysis towards monitoring in revenue cycle concerning with room sales and restaurant and cafe sales.  

a. Analysis on data security performed by hotel management, concerning with access permissions and back up data  
b. Analysis on the documentation performed by hotel management  
c. Analysis on facilities security control provided by hotel’s management  
d. Analysis on the role of night auditor as the controller in internal control of revenue cycle

4. FINDINGS AND DISCUSSION

4.1 Revenue Cycle in Sahid Montana Dua Hotel

    Hotel revenue is obtained from sales activities of several hotel’s products. Sales is an important aspect to maintain business sustainability. Hotel’s products are goods and services. The main income sources of Sahid Montana Dua Hotel are room sales and food and beverage (F&B) sales. In the hotel revenue cycle, there are many procedures such as room sales procedures, from reservation, check-in, until check-out. There is also food and beverage sales procedures in restaurant and coffee shop. The followings are the revenue cycle of Sahid Montana Dua Hotel:

4.1.2 Check In Procedures
1. Guest comes to the hotel and register in the front office.

2. Receptionist welcomes the guest and offers available room based on the specification wanted by the guest. If the guest already make the reservation, receptionist will check in the Reservation Chart.

3. Guest has to make full payment or gives deposit money. Next, receptionist records the payment in Cash Receipt form that have 3 copies which is then signed by the Receptionist on duty. The first copy is for the guest, the second copy is for the accounting department, and the third copy is for the Front Office. Cash will be put in the cash drawer.

4. Receptionist asks for ID card, then copies the ID card and records guest identity in the Registration Card that will be archived by front office. Then, the receptionist records the guest in the Guest List.

5. Receptionist inputs the registration data into the Guest Folio. The Guest Folio has 3 copies, the first copy is for the guest, the second copy is for the front office, and the third copy is for the accounting department. The Guest Bill is archived by the Front Office until check out time.

6. Receptionist issues room key and meal coupon (breakfast coupon, welcome drink coupon, etc)

7. Escorting the guest by giving the room key to the bellboy, then bellboy helps to bring their luggage to the room and gives the key to the guest.

4.1.2 Sales Procedures in Restaurant and Cafe (F&B Departement)

1. Guest makes an order

2. Waiter/s prepare Captain Order (food order) that have 2 copies. The first copy is for the kitchen and the second copy is for the F&B department.

3. F&B cashier processes a copy of captain order into F&B Bill that have 3 copies. The first copy is for the guest, the second copy is for the accounting, and the third copy is for the F&B department.

4. If the customer is not a guest stays at the hotel (outsider), then the customer directly pays the bill. After the customer pays the bill, F&B cashier gives white copy of the F&B bill.

5. If the customer is a guest stays at the hotel, customer can directly pays the bill or pays later when check out. If the customer pays later, the customer signs the bill and mentions the room number then the white and red copies of the F&B
Bill are given to the Front Office. Then, the white copy will be given to the
guest when they pay in the check out time.

4.1.3 Check Out Procedures

1. Receptionist checks the Guest List if there is any guest that will check out. If there is a guest that will check out, the receptionist confirms to the guest if they want to check out in time or extend their stay.
2. When the guest checks out, they give the room key to the Front Office and the receptionist contacts housekeeping department to check the room, if there is something missing or broken. If there is something missing or broken, the guest will be charged based on the management policy.
3. Receptionist checks the deposit payment that has been done before by the guest on the guest folio and cash receipt form.
4. If there is any other bill, such as F&B bill, the guest will be charged and the first copy of F&B bill will be given.
5. Receptionist gives the first copy of the Guest Bill and F&B Bill (if there is any) to the guest. The second copy of the Guest Bill is for the Front Office and the third copy is for the Accounting Department.

4.1.4 Front Office Reporting Procedures

1. At the end of each shift, Front Office Cashier calculates daily revenue and puts the money to the remittance envelope. Then, Front Office Cashier Sheet that have 2 copies is prepared. The first copy is for Accounting Department and the second copy is for the Front Office.
2. For the third shift (11pm-7am), Night shift is also in charge as Night Auditor who make the Summary of Front Office Cashier Sheet and Room Sales Recapitulation. Each report has 2 copies. The first copy is for the Front Office and the second copy is for the General Cashier.
3. All of the reports, remittance envelope, and copy of guest bill are taken by the General Cashier in the morning.

4.1.5 F&B Reporting Procedures

1. For “Alang-Alang Snack & Coffee”, the recapitulation process of daily income is carried out at the end of Shift 2 (11pm) and for “Teratai
Restaurant”, at the end of each shift. Then, the money is put in the remittance envelope and F&B Cashier Sheet that have 2 copies is prepared. The first copy is for the Accounting Department and the second copy is for the F&B file.

2. After the recapitulation, the cashier of “Alang-Alang Snack & Coffee” and “Teratai Restaurant” give the second copy of F&B Cashier Sheet from each shift, second copy of F&B Bill, and the money that already put in the remittance envelope, to Front Office.

3. At 23.00, Night Auditor creates F&B Sales Recapitulation and Summary of F&B Cashier Sheet that have 2 copies. The first copy is for the accounting department and the second copy is for FO file. The first copy of F&B Sales Recapitulation, the first copy of F&B Cashier Sheet, the red copy of F&B Bill, and money are given to the General Cashier.

4.2 Discussion Analysis and Problem Solving

4.2.1 Discussion Analysis

This analysis is intended to measure, assess, and examine whether the implementation of the internal control system in revenue cycle concerning with room sales and F&B sales has already been in accordance to the existing theories. The analysis evaluates the weaknesses/distortion between the implementation of internal control system in revenue cycle and the theories. Analysis is carried out through these steps.

1. Analysis towards control environment in revenue cycle concerning with room sales and restaurant and cafe sales.
   a. Analysis on organization structure, separation of authority and responsibilities in parties concerning with revenue cycle of room sales

   Based on the researcher’s observation, in the organizational structure concerning with the room sales, there are some weaknesses, such as the double duties in one function. The night shift who also takes charge as night auditor can lead to a lack of control. If the management takes salaries efficiency as the consideration, double duties are allowed, but not on the functions that suppose to control each other, which is a function that physically holds the assets (both data and money), records, and authorizes transaction.
b. Analysis on organization structure, separation of authority and responsibilities in parties concerning with revenue cycle of restaurant and cafe sales

Operational process in restaurant and cafe has been conducted by several staffs, such as waiter/waitress, captain, cook, steward, chef de partie, and F&B cashier who in each shift have responsibility to F&B Manager. Captain Chef controls the quality of the food to maintain the standard quality. But in F&B sales, there is a double duties. The waiter/serves as the F&B Cashier. This condition can lead to a lack of control.

2. Analysis towards risk assessment in revenue cycle concerning with room sales and restaurant and cafe sales.

a. Analysis on hotel control towards revenue procedure to manage risk that can affect company goals concerning with room sales

Sahid Montana Dua Hotel Management has several steps to minimize risk which can affect hotel’s goals. But there is a risk when General Cashier takes the money and report in the morning at the Front Office because there is a lack of supervision. The process of taking the money is only supervised by the Front Office Supervisor. There is also a risk of the decrease in the number of guests because there is a significant amount of hotel’s growth in Malang. But Sahid Montana Dua Hotel has some advantages because of their strategic location and competitive price.

b. Analysis on hotel control towards revenue procedure to manage risk that can affect company’s goals concerning with restaurant and cafe sales

To minimize the risk concerning with food quality, the purchasing department buys the food ingredient from supplier so the quality of the product can be maintained. The receiving department also checks the quality of the products. To avoid inappropriate behavior of the guest, restaurant and cafe do not provide alcoholic drink. In addition, to avoid the customer/guest who doesn’t pay after they order, restaurant and cafe’s staffs especially the waiter/waitress and F&B cashier have to be vigilant.
3. Analysis towards control activities in revenue cycle concerning with room sales and restaurant and cafe sales.

g. Analysis on procedure implementation performed by parties concerning with room sales

Room sales procedures start from Front Office, either through reservation via telephone or walk in guest, both are served by receptionist. For the check out process, guest will be served by the Front Office who also in charge as a receptionist. Front office cashier asks the roomboy to check if there is something missing/damage facility in the room, processes guest bill, asks the guest to sign in guest folio, and gives the guest folio and other documents to the guest.

The Front Office cashier creates Front Office cashier sheet to recap the income and put the money in the remittance envelope at the end of each shift. Then, in the night (23.00pm, shift 3), the night auditor creates summary of Front Office cashier sheet and room sales recapitulation. All the report, documents, and remittance envelopes are taken by the General Cashier in the morning. The weaknesses of the procedures concerning with room sales are there is a double duties for the receptionist who is also in charge as front office cashier and the night shift who is also in charge as a night auditor.

h. Analysis on procedure implementation performed by parties concerning with restaurant and cafe sales

Restaurant and cafe sales procedures are started when customer makes order, then is served by waiter/waitress. Next, the waiter/waitress gives the order to the kitchen. Payment process will be handled by F&B Cashier, if the customer is not the hotel’s guest, he has to pay at the moment and gets the F&B Bill. But if the customer is the hotel’s guest, the bill can be directly paid or charged in guest bill. If the payment is charged in guest bill, the guest signs in F&B bill and mentions the room number, then F&B Cashier gives the bill to Front Office.

For reporting procedures, F&B cashier creates F&B Cashier Sheet at the end of their shift and puts the money in remittance envelope. Then, F&B cashier gives the report, the remittance envelope and other
document to the Front Office. After that, the night auditor creates summary of F&B Cashier Sheet. In the morning, the General Cashier takes the report, remittance envelope and other documents. The weakness of the procedures concerning with F&B sales is there is a double duties for the night shift who is also in charge as a night auditor.

i. Analysis on the archiving of documents, recording procedures and authorization concerning with room sales

Input documents such as reservation form are archived permanently. The first copy is for the guest, the second copy is for the Front Office and the third copy is for Front Office Manager. The registration card only has 1 copy to be archived by the Front Office. The guest folio has 3 copies; 1 copy is for the guest, 1 copy is archived by the Front Office, and 1 copy is for the accounting department.

For information produced, such as Front Office Cashier Sheet, Summary of Front Office Cashier Sheet, and Room Sales Recapitulation, there are 2 copies. One is archived by Front Office and another is for the accounting department.

Transaction recording is performed in 2 ways, manually and computerized. Manual recording is started from recording guest data in registration card and inputing in guest folio. The recording of registration card and guest folio is already put in numbered form. Numbered form can minimize and prevent fraud which might be performed by employee because non-numbered form is easier to be manipulated by the staffs. Computerized recording is carried out by input reservation and registration data to the system. From that computerized data recording, the input data will be processed into Front Office Cashier Sheet. Then, the night auditor creates Summary of Front Office Cashier Sheet and Room Sales Recapitulation.

Authorization is already done by the receptionist or Front Office cashier on duty who signs in the document produced and also signs the remittance envelope.

j. Analysis on the archiving of the documents, recording procedures and authorization concerning with restaurant and cafe sales
Input document such as captain order is archived permanently; 1 copy is for kitchen and 1 copy is for F&B department. For F&B Bill, 1 copy is for the accounting, 1 copy is for the F&B department, and 1 copy is for the guest when the bill is already paid.

Recording is done manually and computerized. For manual recording, it started by recording the food order in captain order form. The manual recording is already done in numbered form. For computerized recording, it is started by inputing the F&B sales data and creating F&B Cashier Sheet. The report is authorized by F&B supervisor before it is given to the Front Office.

4. Analysis towards information and communication in revenue cycle concerning with room sales and restaurant and cafe sales.

   a. Analysis on the sufficiency of documents needed for revenue cycle process concerning with room sales

      The documents used for room sales process, from reservation until check out in Sahid Montana Dua Hotel are already sufficient. The documents needed for room sales process are:

      - Reservation Form: Form which is used to record reservation data
- Reservation Chart: Chart which is intended to record hotel room reservation. This chart is also used for checking room availability.
- Cash Receipt: Form used to record the guest payment for the room, either full payment or deposit.
- Registration Card (Formulir A): Form used to record staying guest data
- Guest Folio/Guest Bill: To record all sales transaction done by the guest while staying at the hotel and for the evidence to charge the guest. This bill is also used as the proof of payment and given to the guest when checking out.

b. Analysis on the sufficiency of documents needed for revenue cycle process concerning with restaurant and cafe sales

The documents used for F&B sales process in Sahid Montana Dua Hotel are already sufficient. The documents needed are:

- Captain Order/Food Order: Used by waiter/waitress to record guest’s order
- F&B Bill: For sales invoice issued by F&B cashier

c. Analysis on the sufficiency of information generated from revenue cycle process concerning with room sales

The information produced from room sales process is as follows:

- Reservation List: Report that contains the list of guest who will check in and check out in the day.
- Guest List/Guest In house: List of the name of staying guest and guest staying period.
- Today’s Expected Arrival/Departure List: Report which contains the names of guests who will check in and check out on this day.
- FO Cashier Sheet: Report that records income from room sales, there is also information about room type and total income of room sales in one day, created by Receptionist at the end of each shift
● Summary of FO Cashier Sheet: Summary that contains daily income from room sales and created by the Night Auditor

● Room Sales Recapitulation: Report of daily room sales, including the guest name and room information.

d. Analysis on the sufficiency of information generated from revenue cycle process concerning with restaurant and cafe sales

The information produced from F&B sales is:

● F&B Cashier Sheet: Report that records income from F&B sales in one day and created by F&B Cashier.

5. Analysis towards monitoring in revenue cycle concerning with room sales and restaurant and cafe sales.

  e. Analysis on data security performed by hotel management, concerning with access permissions and back up data

  Hotel management protects the file by providing limited access for entering the Front Office, but in the operation process, there is another hotel’s staff aside from Receptionist/Front Office department staffs that can enter Front Office. The files are saved in locked shelf and put in different room.

  f. Analysis on the documentation performed by hotel management

  To control the documentation of documents and reports created by Front Office and F&B department, each input documents and report created by Front Office and F&B department are controlled and supervised.

  g. Analysis on facilitiessecurity controlprovided by hotel’s management

  For security control, there are some CCTVs installed in the hotel, for example in the Front Office area. But the CCTVs are not installed in all area such as hotel corridors. The staffs are used to supervise area that don’t have CCTV.

  h. Analysis on the role of night auditor as the controller in internal control of revenue cycle

  There is a night auditor in the hotel but the role of night auditor is performed by the night shift of Front Office. This is the weakness and lack of control that may cause moral hazard.
5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the analysis presented in the previous chapter, this study draws some conclusions as follows:

1. In the organizational structure concerning with the room sales, there are some weaknesses, such as the double duties in one function. The night shift who also takes charge as night auditor can lead to a lack of control. If the management takes salaries efficiency as the consideration, double duties are allowed, but not on the functions that suppose to control each other, which is a function that physically holds the assets (both data and money), records, and authorizes transaction. The people responsible for the custody of assets should not be responsible for recording the assets in the books of record. Employees are less likely to misappropriate or waste assets if they realize that others are recording their use. This condition also happens in F&B sales where there is a double duties. The waiter/s is also in charge as F&B Cashier. This condition can lead to a lack of control.

2. There is a risk when General Cashier takes the money and reports in the morning at the Front Office because there is a lack of supervision. The process of taking the money is only supervised by the Front Office Supervisor. But for the other aspects such as morality risk and risk that cash in Front Office cashier can be missing when the changing shift, have been already well managed by the management.

3. The check in and check out procedures implementation are already well-performed by parties concerning with room sales. Each staff performs their duties according to their standard operating procedure (SOP). Check in and check out procedures are already sufficient and effective to be used to serve the guests. For reporting procedure, the night auditor creates summary of Front Office cashier sheet and room sales recapitulation. All the reports, documents, and remittance envelopes are taken by the General Cashier in the morning.

4. Transaction recording is carried out in 2 ways, manually and computerized. The numbered forms are used for recording the transaction related to room
sales and F&B sales. Input documents and information produced already have some copies and have archived by the involving department. Authorization is already done by the receptionist or Front Office cashier on duty who signs the document produced and also signs remittance envelope.

5. The management policies are already written and explained to the staffs. The specific policies are also mentioned in SOP that is given to each staff based on their position. The management policies are sufficient so there is a control in staffs activities especially for staffs who are involve in revenue cycle.

6. In general, the documents used in room sales and F&B sales are already sufficient to minimizing fraud. The information produced is sufficient and useful for the decision making process by the management.

7. The monitoring process in the form of data security, documentation and facilities security control is already well done by the management even though there are some weaknesses. The data security provides limited access to enter Front Office, but in the operation process, there is another hotel’s staff aside from Receptionist/Front Office department staffs that can enter Front Office. For security control, there are some CCTVs installed in the hotel, for example in the Front Office area. However, the CCTV are not installed in all area such as hotel corridors. The staffs are used to supervise area that don’t have CCTV. This is not effective because the staffs also have their own responsibilities and can not supervise the areas completely.

5.2 Recommendation

Based on the conclusions above, there are some recommendation for Sahid Montana Dua Hotel:

1. The organizational structure has to be revised with the real condition/structure in hotel so that it can gives clear description about the duties and responsibilities of each position, and also give clear chain of command of the organization. There are some positions in organizational structure that do not describe the real organizational structure in Sahid Montana Dua Hotel such as Executive Secretary and Personnel Manager who is actually called as Human Resource Manager. In addition, the night auditor position does not exist in current organizational structure.
2. The security member should supervise the collection and calculation processes that done by the General Cashier. The process of taking the money is only supervised by the Front Office Supervisor. The money collection process should be supervised by the security member.

3. Front office and F&B reporting procedures should be done based on the procedure and performed by each position. There should be no double duties especially double duties as the sales function and reporting function. The cash obtained from sales activities should be given to the general cashier and the documents are given to the accounting department. All the documents and reports have to be authorized by Night Auditor. The Night Auditor function has to be independent and does not serve other function.

4. The existing security control facilities are limited because the CCTV is not installed in all hotel areas. The monitoring activities for areas that do not have CCTV are done by hotel’s staffs. There are some limitations if monitoring activities are carried out by the staffs because they have other duties as written in Standard Operation Procedures (SOP). By having CCTVs in all strategic areas, it can help to prevent and decrease loss facilities.

5. The presence of double duties in some positions, for example night shift who also in charge as night auditor and F&B waiter/s who also in charge as F&B Cashier, can lead to lack of control. But by considering that the Sahid Montana Dua Hotel is a 3 star hotel which requires staff to have multiple skills to handle multiple tasks, fraud and moral hazard can be avoided by selecting the proper employees.


Gelinas, UJ & Sutton, SG 2002, *Accounting Information Systems*, 5th edn, South Western, USA


The Hotel Proprietors Act 1956 Section 1 (3) about Inns and Innkeepers

The Acts of Republic Indonesia Number 28 Year 2009 about Local Government Tax and Local Retribution

General Director of Tourism, SK : Kep-22/U/VI/78 about Criteria of Hotel Classification based on Star Rating
