

THE ROLE OF INCOME AUDIT AS INTERNAL CONTROL OVER INTERCONTINENTAL BANDUNG'S F&B REVENUE CYCLE

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(Submit : 9 Desember 2019, Revised : 14 Desember 2019, Accepted : 18 Desember 2019)

Abstract In a hotel, there are several departments towards the disseverance of duties and responsibilities for the smooth operation of the hotel. One of them is the Finance and Accounting Department. The department is divided into several divisions, one of which is Income Audit. The purpose of this study is to determine the role of Income Audit in conducting internal control in the income cycle with a focus on the F&B Department. The type of research conducted is qualitative research with descriptive methods. The data is collected from primary and secondary data. Primary data from participant observation of researchers during program internship and interviews. Secondary data is obtained from data documentation from Finance and Accounting Department, books, and journals. The technical analysis of the data used is using Miles and Huberman's data analysis theory. The results of this study indicate that the role of Income Audit is very important as the management of revenue in hotels, including F & B revenue. Therefore internal control is needed to minimize and prevent any risk and fraud that might be happened related to Hotel's revenue and maximize revenue collection by minimizing revenue's rebate by controlling and monitoring the proper procedure is in placed and the risk is being minimize. Internal Control is security tools to ensure smoothness in the revenue cycle. Although few internal controls are carried out not in accordance with SOP's due to certain consideration and situation (case by case) , but overall shows positive results rather than negative ones.

Keywords : Income Audit, Internal Control, Revenue Cycle, F & B Department, Qualitative

I. INTRODUCTION

Tourism industry is a promising field to gain profit in this globalization era, because of technological and information advancements, which is one of the factors in increasing tourist interest to travel. Many businessmen and investors set up new hotels because they are considered able to bring in large profits. The profit is obtained from the difference between the activities of the sale of services and expenses carried out by the hotel. In general, sales activities carried out by hotel

management consist of rooms, meeting rooms, restaurants, spas, business centers and various other hotel facilities. Hotel sales transactions obtained from various sectors can certainly be susceptible to mistakes or misuse of revenue receipts made by staff individually or collusion. Then in every hotel, it is necessary to have the Finance Department as a department headed by the Director of Finance and responsible for all accounting operations to be reported to GM (Hales, 2011).

According to Ikhsan (2008), it can be concluded that finance and accounting department

is Finance and Accounting Department of a hotel is a form of hotel accounting system formed by hotel management through the process of recording, bookkeeping, reconciliation / checking, monitoring and analysis of financial data so that it becomes a financial statement that can be used to help hotel decision making such as forecasting and budgeting. The role of the Finance Department is also evident from Soewirjo's (2003) statement, which states "The Accounting Department is a department that manages expenses for hotel operational activities and manages income from hotel service activities that must be calculated correctly in order to avoid losses on hotel finance." Therefore, finance and accounting department is responsible for recording various expenses and sales transactions carefully and then analyzed them as information about hotel developments, as well as supervising and controlling so that the hotel finances can avoid mistakes and misuse that can harm the hotel itself.

A part of the finance department is Income Audit conducted by Income Auditor, where the Income Auditor is tasked with inspecting, reconciling, evaluating, and reporting all sales transactions that the hotel has carried out every day to ensure good and proper revenue recording in accordance with procedures to minimize the level of errors, collusion and minimize the occurrence of rebates, which is supported by A.A. GP Widanaputra et al.'s (2009) that "Income Auditor is a person who has the task of correcting work done by the night auditor and checking and matching all sales transactions". Therefore, income auditor is directly responsible to ADOF and Director of Finance. One of the roles of the Income Audit is to carry out internal control. According to the Committee of Sponsoring Organizations (COSO) Internal control is a form of system created by company management and practiced by all parts of the company to achieve its goals, one of which is the security of the company's assets (Husein, 2004), because in a hotel there are many sales transactions from various

sectors of activity (Stanislav dan Vladimir, 2012). Thus, it is necessary to have assistance and internal supervision, which is supported by the statement of Kloot (1999), "Thus, there is a need for management tools that can control and monitor revenue regularly from each hotel revenue source that helps hotels to control all operations, to maintain service quality, to produce a lot of income and to engage in more profitable activities that would be too risky for competitors without such internal control. "

Internal controls carried out by the Income Audit need to be carried out to oversee the income cycle that is carried out every day and if there are irregularities, the Income Auditor is responsible for evaluating and taking action.

According to Romney and Steibart (2014) the revenue cycle is a series of business activities and operations that occur repeatedly by buying materials and then processed to provide goods or services for customers, so that they receive revenue or cash from the sale to customers. From this statement, it can be concluded that the revenue cycle is an activity that is carried out repeatedly by providing goods or services to the customer and then receives income from customers who buy the goods or services.

Because the types of transactions and revenue receipts can occur in various sectors, especially in large hotels, there could be undesirable risks such as loss or theft and adverse mistakes if hotel management is not aware of this revenue cycle, this is supported by a statement from Wilkinson (1986) that "The income cycle has a variety of problems or risks, for example, inadvertent errors or carelessness in recording or processing data, loss of physical assets or data due to theft of physical assets, employee gaps in reporting facts incorrectly, operational inefficiencies, and lack of managerial decisions. "Because so many risks can occur, companies, including hotels, are expected to be able to prevent these risks, one of which can be done by internal control.

An interesting object to be investigated is InterContinental Dago Pakar Bandung. Researchers see some differences in practice with the work procedures (System Operational Procedure) of Income Auditors in the supervision and control of revenue in the food and beverage sector. According to Tambunan (2013) which states that, "SOP is a set of procedures used as a corporate reference in ensuring the work steps of each member or employee has been running effectively and consistently, as well as meeting standards and systematics."

One difference that researchers found was regarding void procedures where voids should be tracked to be approved in a voided daily income check which was then submitted to the Director of Finance for review and approval every day. However, in practice, the Income Audit cannot check every day due to the back office employee holiday schedule on Saturdays and Sundays, so the void reports from the restaurant outlets are only checked on Monday. Besides, void reports on daily income that's submitted to the Director of Finance a maximum of once a week, the results will not affect the validity of the data, because in the daily income voids reports must pass through multiple layers before reaching DOF i.e. Void must be known by the outlet manager and the Director of F&B by providing justification or reasoning why the voids occurred then only checked again by the Assistant Director of Finance, so that every report must be checked and signed by several parties for the sake of data accuracy.

Because there are mismatches of work procedures and ways of solving the problems, also the continuity between the internal controls carried out by the Income Audit and the sale of food and beverage in the revenue cycle that is vulnerable to several problems, making researchers make it as research material. Because of this background, the following research problem formulations are :

1. How does the Income Audit work procedure in controlling the Food and Beverage revenue cycle?

2. How is the effectiveness of the Income Audit work procedure?

Based on the formulation of the problem, the research objectives are found, in the form of :

1. Knowing the work procedures of Income Audit in controlling the Food and Beverage revenue cycle internally at the InterContinental Dago Pakar Bandung hotel.
2. Knowing the effectiveness of the Income Audit procedure at the Dago Pakar Bandung Intercontinental Hotel.

This research is expected to be used as a reference for future research and can be a guideline for hotels in developing problem solutions that are presented for the advancement of hotel management, especially for the relevant departments so that the impact is to maximize revenue and reduce the occurrence of errors that can harm the hotel.

In addition, mortgage business also becomes a funding solution for the community. (Zuhroh, Diana, 2018 : 397).

II. RESEARCH METHODS

Qualitative research is certainly different from quantitative research which is based only on calculations, numbers, and quantities. Qualitative research is usually used to produce research that cannot be achieved by only using calculations, numbers, statistical procedures from quantification (Cresswell, 1998), by using qualitative methods researchers can find and understand hidden problems that sometimes are not yet explained in detail, where the information is still difficult for ordinary people to understand and not convey to the public. The information obtained is then processed and produces descriptive data in the form of phrase, writing, and observed object behavior (Bogdan and Biklen, 1992). In using qualitative methods, the data obtained are usually from the results of interviews and then typed into a form of text, then read as a whole to be analyzed and then classified with results in the form of descriptions, patterns, and themes (Creswell, 2008).

Based on the problems and topics chosen by the researchers, this study used descriptive qualitative research method. According to Arikunto (2006), qualitative descriptive research is analyzing, describing, explaining the object under study. In descriptive qualitative research, more data are presented in the form of words rather than pictures and numbers, because it intends to make a description to understand the phenomena that occur in research subjects (Moleong, 2010). Researchers found this method appropriate to study research naturally about the role of the Income Audit in conducting internal control, problems and effectiveness obtained from carrying out control activities, because it was able to describe the results of research in more depth.

The data was collected from certain literatures and direct observation in the field for this study. Literature was used by researchers for the theories and comparisons related to the facts that occur in the field, while direct observation was used as data or evidence of problems. Then the type of approach the researcher used was a qualitative approach, where more descriptive data such as written or verbal words were used. While the data sources in this study are divided into two namely :

1. Primary Data

Primary data sources were original and first data, that have never been found, so the data must be sought from respondents who are the object of research to obtain information through interviews, observations, and other methods. According to Lofland (Moleong, 2012) states that "the main data sources in qualitative research are words and actions". In obtaining primary data, researchers conducted observations during the 6-months internship activity and interviews to related staff at the InterContinental Bandung Hotel as the respondents.

2. Secondary Data

Secondary data sources were the data obtained by researchers indirectly or through intermediary media (Moleong, 2007). This

secondary data source is used to support primary data found by researchers.

The research location used as the object of research was the InterContinental Hotel Dago Pakar Bandung. InterContinental Bandung is a new hotel because it was only established around 4 years ago, in the middle of 2015. This hotel is a five star hotel category and is a chain of IHG Groups. This InterContinental Bandung is located on Dago Pakar Raya 2B Resort, Dago Pakar Resort, Mekarsaluyu, Cimenyan, Kota Bandung, West Java. Data collection techniques using interviews, observation, documentation, and literature study. Observation and interview plays an important role in data collection techniques in qualitative research.

According to Bungin (2001) Interview is a process of conversation with the intention to construct about people, events, activities, organization, motivation, feelings and so on conducted by the interviewer with the person being interviewed. In conducting interviews, researchers conducted open interviews that there is an in-depth interview method which is one of the interview processes by directly meeting face-to-face with informants with the intention of getting a complete picture of the topic under study, conducted intensively and repeatedly (Bungin, 2001) . Researchers chose this method, because the writer has done an internship for 6 months and still has good relations and trust with the staff at InterContinental Bandung so that interviews can be conducted intensively.

Observation is a daily activity of humans by using eyes as the main sense other than the five senses (Bungin, 2007). In collecting data, researchers conducted participatory observations, where "the observations require considerable time and make observations by directly living together" (Bungin, 2007). In this case, researchers collected data through direct observation for 6 months of internship, which began in July 2018 until early January 2019. The observation that researchers did was to look directly at the role of an Income Audit in the InterContinental Bandung hotel in controlling if there were any

irregularities and errors in transactions that hinder or make hotel revenue not recorded according to procedures, usually the Income Audit will coordinate with relevant departments (Front office, Food and Beverage department and other related departments) in checking data and completeness of documents which are then checked again by the Assistant Director and reported to the Director of Finance.

Data analysis techniques using qualitative data analysis according to Miles and Huberman (Bungin, 2001), namely :

1. Data Reduction

Data reduction is a simplification of the data obtained, by selecting and grouping data into categories. Focusing and validity of the data is needed in order to facilitate conclusion drawing.

2. Data Presentation

Presentation of the data used in this study is narrative in order to explain the data that has been reduced more systematically and easily understood.

3. Drawing Conclusion

In the final stage of the data analysis technique, drawing conclusions is needed so that others understand the core of the research by comparing the data that has been compiled and then drawn conclusions as an answer to the problem under study.

An internal sphere analysis is a process whereby a strategic planner reviews marketing and distribution of a company, research and development, production and operations, resources and company employees. (Zuhroh, Diana, 2019 : 1154).

III. RESULTS

1. Income Auditor

In the results of observations and interviews found, *Income Audit* itself has a role or function that is to check, review, record, control, monitor, and report any revenue streams that enter the hotel from all departments, and must ensure daily, weekly and monthly reports precise and accurate.

Following are the duties and responsibilities of the *Income Audit* to carry out several functions in the form of :

a. Check

To run the checking function, one of the activities carried out by the *Income Audit* is to reconcile. The reconciliation conducted by the *Income Audit* to match all income transactions in the existing system at the outlet and the master system in finance with the evidence such as bills, contracts, etc. before being made into final income report, including the interface process between systems to ensure that the interface process runs smoothly and the data on the interface matches between the system at the outlet and the master system. All income is reconciled, no exception from F&B. The system that is used to check and retrieve data from the F & B outlets are using Micros to record initial transactions in the F & B, then interfaced to the Opera system in the front office and lastly interfaced back to the SUN system in the Finance section. Interface definition is an operating system or means to connect a microprocessor device or software with its users to communicate. So that means the interface here is, when there is a guest transaction who book a meal at F & B outlets and posted by the staff of F & B then it will go into the POS Micros, then the data is connected or sent to Opera to be viewed and retrieved by Income Audit, then the data that has been taken, processed by the Income Audit and interfaced back to the SUN system by the Assistant Director of Finance so that it can be processed to become a daily, weekly to monthly income report for the preparation of financial statements that can be viewed by interested parties. Before carrying out the *interface*, reconciliation activities ensued. When the data is in POS Micros, it must be checked whether all daily income transactions have been posted correctly by comparing the system vs. document, whether the mapping is in accordance with the proper code, the respective outlets and periods. If it is correct, then the interface to Opera is performed, and does not stop there because to

submit a report that has been processed into the SUN system must be reconciled again whether it is true that the income is in accordance with their respective chart accounts, because if it is not appropriate then it cannot be read by the system. For example in a restaurant where there are several shift meal periods: breakfast, lunch, dinner and supper. The Income Audit reconciled from POS Micros, before the interface to Opera was done when breakfast was opened from 6 am to 10.30 a.m. at Damai Restaurant, but there was a delay in posting by Damai staff. Staff posted at 10:45 or 11:00 which means it has passed the breakfast shift. For this reason, the Income Audit must move the revenue from lunch to breakfast, which must be recorded according to the time period. This was done in order to get data accuracy regarding the certainty of the number of guests who had breakfast that day to find out average check per cover. Besides, causing an impact on the average check certainly does not make sense if the breakfast menu was recorded, but the data was in the lunch period, so for the analysis of the data it becomes misinformed to users of financial services in each related department.

For other cases, the researchers themselves experienced it when they made a report on the Banquet Daily report by entering the wrong account code, then interfaced to the SUN, but the system would not read and failed. After being examined by the Income Auditor as a research supervisor, turns out there was an error in entering the account code. Therefore, by reconciling, Income Auditor must ensure that everything related to the income posted is correct or not. Income Audit must also process data according to the current conditions, so that the reports obtained are accurate.

b. Review and Note

Income Audit records all income data, including F&B outlets, by transferring data obtained from the system to Microsoft Excel, for example by making a summary of income from various F&B data outlets in hotels. The F&B data taken from the Micros and Opera systems are :

Data Void

Void itself is a way to withdraw revenue that has entered and recorded in the system at that time, because there are special things from the guests or hotel employees. Surely this will be included in voids on the Opera system. The data obtained will be a staff conducting void, the items in the void along with the number, the nominal price of the item and staff's reason of conducting void.

Rebate

Rebate itself can not be separated to voids. The similarity is to cancel or withdraw revenue that has entered the system so that it can reduce revenue. But there are differences in terms of doing that. Void is done on the same day, but called Rebate if the withdrawal of the income is done the next day after the income has entered the system on the previous day. This rebate can come from FO, F&B or other revenue departments.

Discount

Discounts are reduced prices given by the hotel to guests based on current promos or hotel management policies. This data is fragmented in the Micros system based on the discount category, for example GC Voucher 250 IDR, 50% disc, 30%, 20%, 10% and so on. *Income Audit* must take the data one by one.

Officer Check and Entertainment

This data is also separated between Openfitter check and Entertainment on the Micros system. Officer Check & Entertainment is a facility provided by the hotel to certain levels, usually managers and executive committees to get dining facilities in restaurants both for the manager himself or for hotel clients. Data was produced when there is the manager executive Committee using his privileged to be able to eat and drink at the hotel F & B outlets. Data entertainment was produced when guests entertained by the staff authorized with the approval of the General Manager which is usually performed by a sales when there is a potential guest.

Payment Terms : Room Charge, Bank Transfer, Credit Card, Voucher and Cash

Data is based on various types of payment in F&B. This data is taken from Micros and Opera systems to find out the items and nominal ordered by customers from all shifts in F&B both breakfast, lunch, and dinner according to the choice of payment method for each customer, for example, if the customer's bill wants to be included in the room bill then it will be recorded as the room charge. It can also be paid by transfer or a credit card or voucher issued by the hotel.

Customer Data : In House Guests and Visitors

This data is taken from Micros system to find out the number of guests who come and make transactions at each F&B outlet at any time. *In-house guest* is a guest who is registered as a stay at the hotel while *visitors* are guests from outside who eat and drink at the F&B outlet.

Banquet Event Order

This data is taken from the Opera system posted by the Sales and Marketing Department on a shared drive. From the data here we can find out who is doing the event activity, what date the event took place, the number and type of packages chosen by the customer, room setup, other event needs, and who is lobbying the customer from the sales and marketing.

Bill

Bill is an evidence of the transactions carried out, the bill is usually required to be attached to the daily Control Self Assessment (CSA) Income such as rebates, voids, discounts, and the oc/ent summary. Bill will usually be deposited by the F&B and put in a filing cabinet in the Front Office, which every morning will be taken by the Income Audit along with other data.

Payment Settlement

This data is to find out how much cash data has been entered, from any debit and credit cards.

2. Control

In carrying out the internal control function, hereby Income Audit refers to the SOP - Standard Operating Procedure conducting refreshment training. The purpose of the refreshment training is to remind and know how deeply the employees know and understand the existing SOPs. Income Audit also has the authority to make decisions without first obtaining the approval of F & B Manager, especially if in a state of urgency, because it has the authority to conduct internal control and included in the delegation of authority. For example, when there is a new menu and the menu is not yet in the system, the Income Audit may prohibit the sale of the menu without the approval of the F&B Manager to avoid if the menu is sold but the income is not recorded, due to avoid fraud that can occur.

3. Monitor

Income Audit has the duty to see how the income streams that enter the hotel every day, and must be aware if there are data that are considered odd or inappropriate and must be acted upon immediately.

4. Report

Based on researchers' observations and the results of the *Income Audit* interview, the task is to make and provide the report as a form of accountability to his superiors, namely the *Assistant Director of Finance* and the *Director of Finance*. Reports are made in the form of daily, weekly and monthly. Some reports are based on the *Night Audit* and *CSA Checklist*. Because the researchers focused on the F&B income cycle, the report that will be discussed will only relate to the F&B in *CSA Income*. Following are the reports :

Void Summary Report

This report is part of daily CSA income that must be printed out. The data that must be presented in this summary report is the void bill, the void form containing the item and the canceled amount, and the nominal. Furthermore, a printed statement document contains reasons

for the void, name and signature of the staff concerned, signature of the manager or F&B coordinator as management approval.

OC / Ent Summary Report

In making this report, data from Micros is compiled into one in Microsoft Excel using the format provided by Income Audit. In this summary report, it will be clear who and which department took the OC and performed the guest entertainment, items, quantities and prices incurred, as well as the total price of complementary F&B on that day. In addition to data from Micros, other supporting data such as OC bills and Entertainment are needed. For entertainment bill it must be completed with its entertainment form.

Rebate Report

The rebate report data is taken from the rebate data in Micros. In the report it is equipped with a supporting document in the form of rebate forms that contain any items which is rebated and nominal and must be approved in the form of a signature from the Director of Finance and GM. Rebate Report is then attached to daily income.

BEO Summary Report

This BEO Summary Report data is based on several Banquet Event Orders on the same day. Contains the customer who ordered, the sales person responsible for the event, the number of pax, and the package the customer chose. Before being attached to daily income, BEO must be matched with banquet bill, whether the amount and pax and price are the same.

Customer Report

This data is taken from customer data, both in house guests and visitors. The contents of this report are the number of customers and are separated between the number of guests staying and the number of guests coming from outside the hotel obtained from each F&B outlet at the InterContinental hotel, which entered according to the time period.

Revenue Reports Per Outlet, Per Period (Time Zone), Revenue Over All

Revenue from food, beverage, others for F&B, categorized as others F&B revenue, for example those that are sold by the F&B department, but not included in the food and beverage category, like cigarettes.

Customer average check report, average check outlet, average check per time period, average check per daily, average check per weekly and per monthly

Reports are given from various variations, for the sake of completeness and accuracy of the data obtained and then submitted to GM, Director of F&B, DOF, and Sales Director to determine the decision to be taken in the future.

Income Audit

At InterContinental Dago Pakar Bandung made all report, including F&B income reports, using the system *in a timeline manner* means that the reports required must always be available on time. For example giving a *daily flash report* to the *Director of Finance, management including the General Manager* before 10 am every morning for *morning briefing*, this is important because it will relate to decisions taken by managers and *executive committees*. Not only making reports related to income, but also the duty to report problems that occur to *revenue streams*, especially those that reduce income to the *Director of Finance and GM*.

5. Relationship of Income Audit with Related Parties

An *Income Audit* has a line of responsibility and several parties who help *Income Audit* in carrying out their work. Some of these parties include :

Director of Finance (DOF)

The highest position in InterContinental Bandung's *Finance and Accounting Department* is held by the *Finance Director* and *Business Support* or DOF & BS, assisted by the *Assistant Director of Finance*. As the highest position, DOF has the responsibility of coordinating

activities in and out of hotel finance, and providing financial data reports to interested parties such as the owner and GM accurately, relevantly, and in accordance with a predetermined time. The financial data report is the income statement submitted by the *Income Audit*. In addition to the report, the analysis results and findings from the *reconcile* activity must also be reported later. DOF will also join to intervene to explore the reasons for the *rebate* and determine whether it was the fault of the *staff* carelessness or not. If the error is due to the staff carelessness, DOF together with the *Human Resource Department* will determine the sanctions that will be obtained by the *staff*.

Restaurant Manager / Assistant Restaurant Manager

This depends on the *shift* that day, usually the *Restaurant Manager* and *Assistant Restaurant Manager* backing up each other when one person takes a holiday or is busy . However, researchers finally chose *Assistant Restaurant Manager* as interview respondents because of recommendations from the *Income Audit*. As an *Assistant Restaurant Manager*, he was in charge of assisting *Restaurant Managers*, in addition to that he was still helping in the operations of F&B outlets in the InterContinental Bandung hotel at *breakfast*, *lunch* , and *dinner*, and also in banquets when there were *special events*. In addition, the relationship to the *finance* department was certainly responsible for *revenue* and *costing* at all existing outlets .

According to the researchers' observations and interviews, the *Assistant Restaurant Manager* would deal with *Income Audit* in the event of *unnecessary voids*, *rebates*, problems with transactions such as *discounts*, *double posts*, hanging transactions, and so on regarding F&B *revenue* for confirmation or asking for solutions to problems encountered.

Sales Executive of the F&B Department

A Sales Executive who takes care of all marketing at the F&B Department has the responsibility of conducting *sales calls*, *F&B telemarketing support administration*, and

handling events from guests and hotels, making promotions at hotel events and *promotions* outside. It also makes a monthly report for GM and is shared every *revenue meeting* every Thursday. Conducting *briefing* to *staff* in *F & B outlets* for promotions such as *online promotion* as well as *internal promotion* included with the *third party*, for example Bandung InterContinental worked together with *gourmet collection* in supporting outlet Damai Restaurant and Tian Jing Lou (TJL) Restaurant to handle operations and requests from *owner* for special event at *the outlet* of Peace and TJL. Further responsibility, the Sales Executive did *flyering* with Damai and TJL staff to the *nearby area* or communities that are more *Chinese* . Then, and distributed *flyers* to the Alphabet (*agents* for *newsletters*, such as Kompas and Pikiran Rakyat) for all *promotions* in F&B. These marketing activities would certainly attract *customers* who were interested in coming to InterContinental Bandung and of course it could generate *revenue*. If it has to do with income, then it was certainly not far related to *Income Audit*, such as knowing *revenue* for last year and two years earlier as a comparison and being a target that must be achieved from year to year. Besides, the examination of all the *billing* that would be on *Income Audit* must be match that guests booked in accordance with the *confirmation letter* made by *Sales Executive of F & B Department*.

6. Problems with the F&B Revenue Cycle

According to the researchers' observations, the problems that occur in the F&B revenue cycle were not necessarily just operational but also in terms of reporting. From the results of observations and interviews conducted by researchers there were some problems that must be done "incompatible" with the SOP. What is meant by "incompatible" with SOP here was due to several obstacles that occur, there was no written SOP or due to certain reasons so that sometimes the problem is solved by *verbal* using *empowerment* or based

on *delegation of authority*, and *problem takers*. Some problems that occur are as follows :

Void

The discussion of *voids* this time is more on the constraints experienced in the income cycle due to *voids*. This *void* obstacle can occur both on the operational side, and on the reporting side. When observing, the nominal in conducting *voids* was sometimes exceeded the stipulated requirements by the staff, but indeed in the *voids* SOP, there has not been any discussion about the nominal limits set. Because of this, the boundary provisions were made mutually agreed between the F&B Department and the *Income Audit*. If new things were discovered in the field like this, the *Income Audit* would report to the DOF and the SOP would be revised or updated for future reference. In terms of reporting, *void summary reports* should be examined and submitted to the ADOF daily basis and *Director of Finance* by weekly basis, but in reality this was not done because of several things that will be discussed in the next sub-chapter. Obscurity in the *void* created by the *staff* of F & B can also be an obstacle for *Income Audit* to identify or follow up these activities.

Rebate

For InterContinental Bandung's *Finance and Accounting Department*, *Rebate* becomes sensitive if it happens, because it reduces *revenue* nominal and the income that must be withdrawn, which is the income on the previous day, obviously very disruptive to the revenue cycle. In the case experienced by the *Sales Executive of the F&B Department*, where guests complained because they were not satisfied with the *chef's* cooking, so the guest asked for a discount and required the *Income Audit* to *rebate* the transaction. The *complaint* case from the guest, the SOP was adjusted to the situation, so that finally it was resolved by giving a *discount* to the guest and the *rebate* happened. But of course this has already been discussed and requests for approval has been carried out *step by step* in accordance with the flow.

Entertainment Bill

Every day, all transactions on food and beverage purchases including *void* or OC activities and *entertainment bills* are deposited or placed in the *filing cabinet* at *Front Office* so that the next day can be taken by the *Income Audit*. However, according to the observations of researchers during the internship, some OC or *Entertainment bills* were incomplete, and for example there were only 3-5 days later after being included on other *bills* on different dates. Of course, this creates ineffectiveness in *entertainment* and OC *summary reports* on *daily income*, because the *daily income* on the previous date must be opened to attach the *bill*. In addition, *entertainment guest* activities required *entertainment form* that should be given before or on the same day when providing *entertainment* to potential customers, usually only given a day or a few days after. This is because, the customs *staff* F & B also provided flexibility in the *Sales and Marketing Department*. Yet with the *entertainment form*, it will facilitate the work of the *Income Audit* to find out who and from whom the *entertainment* is done.

Sudden Request

This problem was not a major obstacle experienced by *Income Audit* because by adjusting to what guests want can bring its own benefits for the hotel. However, this can be a problem if it is not properly addressed and prepared. *Sudden requests* from guests had also been experienced by InterContinental Bandung's *F&B Sales Executive*. *Sudden requests* from guests were requests to create *events* but with a *budget* that is not in accordance with the promos and packages that the hotel has, usually it will indirectly ask for assistance from the *Income Audit* to give approval that the guest wants to make the *event* with a special *budget* that the guest wants in advance *approval* by GM and *Manager of F & B*. For *sudden request* guests, there will be a *button* or the new price in the *Micros* system to facilitate *staff* F & B when the customer will make the payment. The *POS Change Form* must be accompanied by a

food cost attachment from the *chef* in the form of details of the costs incurred in accordance with the price desired by the customer and then the *Income Audit* will specify the *food cost* to determine what menus can cover the *food cost* and at the same time get the benefits. Of course, if there is negligence from one of the parties, for example, forgetting to make the new *button* or the *Income Audit*, one of the calculations of *food costs* and *profits* to be obtained will certainly disrupt the F&B revenue cycle. But so far the F&B *Income Audit* and *Sales Executive* resolved this issue well.

Missing Bill

Researchers found that when checking by matching the *check number bill* with the results of transactions entered into the system, there were some *bills* that did not exist and there was a *bill* that had been a little long before the researchers conducted *training* activities at the InterContinental Bandung hotel. But over time, this *missing bill* is getting less and more controlled because the *Income Audit* has done a number of things that researchers will discuss in the next sub-chapter. Please note, the role of the *bill* is very important because it is an evidence of all transactions that occur, and is very useful if guests want to ask for proof of the *bill* back.

7. Work Procedure s: Internal Control

Internal Control that will be discussed is based on SOP problem solving that is done to face some of the obstacles above, both those that are "not appropriate" SOP and according to SOP.

Void

SOP incompatibility occurred in reporting *daily income* that should be on a *daily basis*. In it, one of them contained *void summary report*. But keep in mind that according to the SOP, it should be submitted to DOF and GM *by daily basis*, but this is understandable because in the *daily income* did not only contain *void summary report* and to submit to DOF and GM must go through a *review* of several *heads of*

departments such as the *Executive Housekeeper*, *Food and Beverage Manager*, *Front Office Manager* and *Assistant Director of Finance*. In addition, if there is a holiday, *Income Audit* also couldn't directly make the report, therefore the reporting couldn't be done on a *daily basis*. In addition, the nominal for the previous *void* limit was not too strict and there was no SOP in writing, so it was the cause of a case in one *outlet* of the form of employee dishonesty. In the end, the nominal limit for the monthly *void* activity was tightened and set at no more than 3 million rupiah per month, and if it did happen there had to be approval from the *Restaurant Manager* and F&B *Director*. *Income Audit* also tighten the completeness of the data if *staff F & B* does *void*, assisted by the *Assistant Restaurant Manager* form of emphasis on *staff F & B* to include *form voids* and the second chronology why *voids* may occur which was already signed by the *Restaurant Manager / Assistant Restaurant Manager* and F & B *Director*, as well as approval from *Executive Chef*.

The next step of the *Income Auditor* in carrying out internal control was to conduct a *Refreshment Training*. For *refreshment training*, there were two types, namely the first was about all types of SOPs, which were conducted twice a month. Second, the name was *general training refreshment*, it covered the entire SOP and was carried out at least 3 times a year to do *general refreshments*. The *Income Audit* could also conduct *one-by-one interviews* with *staff* at random times on different days to find out how far they understand the SOP that applies at InterContinental. *Training* was also carried out together with superiors, namely to the *supervisors* and department *managers* concerned, so that these superiors understand and know more. Furthermore, the *training* it should disseminate to *staff* under them.

Rebate

Based on what was experienced by the F&B *Sales Executive* due to guest dissatisfaction, in *handling the complaint*, it was finally determined by a discount giving solution so

that a *rebate* should occur where previously giving information to the F&B *Director* then conveyed to the GM or *General Manager* who then agreed to provide discounts to the guest . Indeed there is no definitive SOP regarding the handling of this *complaint* , because it was adapted to certain conditions so the way was by *verbal* agreement to the GM. Finally, GM and its *delegation of authority* can resolve the issue. *Void* that was too often done by *staff* or *rebates* conducted was also subject to strict internal control such as the *rebate* process that was undertaken has a strict process where DOF to have to intervene to find out the reason for the *rebate* and also approved and unapproved *rebate* can result in sanctions that will be received by the *staff* of F & B. *The staff* must go to the *Director of Finance* to explain this and that has a very long bureaucracy and implications. Unapproved or approved by the *finance*, there were still sanctions in force. The lightest was *verbal warnings* , SP1, SP2, and SP3 and the last can occur with dismissal.

Entertainment Bill

It has been explained in the previous sub-chapter about the obstacles experienced by the *Income Audit* in carrying out internal control over this matter. As *Income Audit*, he continuously remind the *Sales and Marketing* in conducting *entertain potential guest* should be given *entertainment form* first, several times when researcher was still a *trainee* there, *Income Audit* invited researchers in the activities of *training refreshment*, one of which required the *staff* of F & B to ask *entertain the form* to the *Sales and Marketing* department when they wanted to *entertain guests* at InterContinental Bandung's F&B *outlets* .

Missing Bill

Bill had actually been printed using sequential numbering in order to facilitate checking and tracking if there was a missing bill. It was just that there weren't any rules regarding the *bills* that have to be collected in detail, so that at the beginning when researcher checked the *bills*, some of the *bill* numbers

were missing. Immediately, *Income Audit* with *empowerment* and *delegation of authority* established rules whereby each *staff* of F & B who took the *bill* have to exchanged it in accordance with the amount of *bill*, and responsible of missing bill.

In carrying out internal control, the *Income Audit* also paid attention to all the completeness of the existing data such as *bills*, chronology, *forms* and so on, and did not forget that in a certain period of time there would be a *mystery shopper* to measure *cash integrity* especially in F&B staff. Then there was also an *open check* where the *Income Audit* comes to the *outlet* and checks how many *orders* have been made and how many *captain orders* have been made, and how many have been presented at the table (see the physical form, and then matched to suit the system). This was done so that in the future, it became easier in identifying problems because it has complete data and was easy to find solutions. Other internal controls conducted by the InterContinental Bandung's *Income Audit* were using *tools* in the form of *Control Self Assessment* in the form of 100 *checklists* that must be carried out in all *sections* including *Income Audit*, from there the internal control of the F&B *section* can be checked first by ADOF then to DOF, so that if there were known controls that were not carried out by the department, it will be given a warning, *training refreshment* , to the form of sanctions.

8. *The purpose of Internal Control at InterContinental Bandung*

In carrying out an activity there must be a purpose for it to be done, including *internal control*. According to the *Income Audit* the purpose of Internal Control was to prevent and provide solutions to problems and *internal control* was carried out so that it was detected and prevented so that it wouldn't become a bad habit in the future. Firm action was needed, which will certainly be beneficial in terms of administration and the audit will be easier to find data -data. In addition, the aim was to reduce the risk due to *revenue* received from many *outlets* in InterContinental Bandung, in

addition to that *customer* payment methods were also different. According to the *Income Audit*, if internal control was not carried out properly and if the problem was not immediately handled, it will certainly become a bad habit, once understood, this error will become a justification in the future and the administration environment was not neat, thus the need for such data will be difficult to find. Then according to DOF, other risks can be in the form of *fraud* committed by staff such as not recording for recurring cash transactions and payments made in cash so that they are not recorded in the system, *marking up* prices by playing discounts where guests were unaware of the discounts being utilized by staff with use of other bills that has the same value with the transaction so that the cash difference can be taken by the staff, collusion between the kitchen and F&B service by providing food without being recorded into the system and payment was made in cash so that it was easily misused and there were many other ways. For example, customers buy coffee using cash, such as *refill* guests may not be asked for the bill. The guest then pays *cash*. The *cash* is then cashed but the money does not go to the hotel but into the *waiter* because he used the same glass and a certain time. For example he (guest) drinks 2 cups of coffee but the staff only records the first coffee even though the guest was still asked for 2 copies because his guest did not ask for the bill.

9. Effectiveness of Internal Control

Internal control conducted by the *Income Audit* will certainly produce a result, it will be more interesting if the internal control was carried out outside the established work procedures. Following is the effectiveness of internal control that has been carried out by *Income Audit* :

Void

Void summary report was reported once a week, because the data was included in the *daily income* and the data was not only the *void summary* but also other data, beside that the process was rather long after the *daily income*

was completed from the *Income Audit* brought to the *Executive Housekeeper*, *Front Office manager*, and the *F&B Manager* for the signature, then *reviewed* again by the *Assistant Director of Finance*, up to the DOF and finally to GM. This was done so that the report was examined carefully and accurately, especially from the *daily income*, it can be seen that controls was not carried out so that operations can provide a warning to the relevant department. On the other hand, for the nominal limit set for *voids*. The known limits of the nominal could be the benchmark *Income Audit* to assess the performance of a *staff of F & B* and there was a natural limit to the activities of *voids* that occur each month.

Rebate

The effectiveness of strict *internal control* over *rebates*, made these obstacles in the F&B income cycle can be handled properly, especially with the *punishment* that had been set. To solve the problems that occur, the *Sales Executive of F&B* also had a good impact, where the consumer can be satisfied, while the *Sales Executive of the F&B Department* can take some experience that can be used as lessons for the future.

Entertainment Bill

In the case of *entertainment bill*, collecting was often done outside the SOP and results in poor effectiveness, because the administration becomes somewhat chaotic if the *form* given does not match the SOP. If *entertainment form* was not made, but was allowed by *staff F & B* to perform activities of *entertainment in the outlet*, it could be the activities of *entertainment* was misused and also made the data collection for *OC / Entertainment Summary* inefficient, because once the *form* is given late, IA must open *daily income* to attach the *form*. But at the later of researcher's internship, *Income Audit* hold *training refreshment* every few weeks or months, then the SOP for *Entertainment bill* was tightened that would bring significant influence, where the *Sales and Marketing Department* started regularly in the manufacturing of *entertainment form* due to *staff F & B* would only accept activities *entertain* if there was

already an *entertainment form*, or if the activity was *urgent* that there was already a *verbal* agreement from executives concerned such as DOF and GM.

Missing Bill

The effectiveness of the regulations stipulated by the *Income Audit* even though there was no SOP, namely by collecting *bills* and between new and old *bills* must be exchanged according to the amount and if there was a loss must be sought first and then can be exchanged, of course, made an efficiency of administration activities on the *Income Audit*, other than that also avoids risks that might occur, for example because *bills* were not monitored closely, *bills* can be misused by *staff*.

10. *Workflow*

Indeed, in carrying out internal control, there were several work procedures that were carried out differently due to the situation in the field or in urgent situations, but however if it can be done with an SOP it is better to do it with an SOP and of course as much as possible they do it in accordance with the existing SOP. According to the *Income Audit*, the settlement ratio according to the SOP problem resolution did become effective when problems arise and settled with the SOP, while *staff* F & B and the parties also did next mistake which immediately identified. However, if it was not in accordance with the SOP then it was likely the issue will drag on and hurt the company in the later days .

But if there was no or SOP was not yet complete in detail, to avoid things that are harmful if the activity of internal control was done, the *staff* of Hilton Bandung including employees in *Finance and Accounting department* was using the procedure *by verbal* based *empowerment, level of delegation of authority, or problem taker* so that what was done by the *staff* stayed on track and did not overstep its responsibilities, for example the decision to reject or accept the *rebate* must go through DOF which was of course to protect the company's income or *assets*. If allowed

carelessly, *rebate* will certainly have a negative impact, that was uncontrolled *rebates* and hotels could suffer losses. Of course, in conducting an SOP or in conducting an activity that did not or did not yet have an SOP, *verbal* approval is required, but it must pass certain positions based on each case. As an example of the case given by the *Director of Finance*, suppose there is a problem that *Income Audit* could solve with the solution by using SOP that already exist, but if it was more than that, *Income Audit* should come to the *Director of Finance* where the settlement of the issue will be given *guidance* or directives must be carried up to the next level, and suppose that the problem was bigger, there was a higher level than the *Director of Finance*, namely *General*

Other parties also stated that when making a decision on an existing problem was not necessarily based on his own decision, but through several higher positions so that the decision made is not arbitrary. Some examples, when assisting *Restaurant Managers* in conducting voids other than through the F&B *Director* and *Restaurant Manager*, approval must also went through *Executive Chef* because it was worried that the food has been made. In the *Sales Executive* of F&B, the parties that influenced the decision making must first be known by the F&B *Director* , then the *Income Audit* or *IT Manager* then to the *Director of Finance* for approval .

Additional information from the *Income Audit*, internal control cases that occur during the weekday to the *General Manager* or *Sales Director* can be concerned to issue a memo the next day. On the weekends, there was no *manager on duty*, thus activity could be done not in accordance with SOP, but must be accompanied by sufficient evidence to support these activities.

IV. CONCLUSIONS

The conclusions from the triangulation results of the study of the role of the *Income*

Audit on internal control of the F&B InterContinental Bandung revenue cycle are :

1. Based on the results of the research found that the role of the *Income Audit* itself is very important and has been successfully carried out well, although in carrying out internal control of course the *Income Audit* is trying as much as possible to follow the SOP, but there are some *problems* that are faced with "inappropriate" SOPs due to several considerations specifically, such as efficiency and accuracy of the report, and there are stages or positions that must be passed first. Fortunately, some constraints are resolved based on "inappropriate" or if there are no SOPs, most of which produce actual positive effectiveness that may not be realized by *Income Audit* itself.
2. In fact during the research process, researchers found other evidence as evidence that the *Income Audit* has performed its role well, where the *Finance and Accounting Department Bandung* succeeded in achieving a *score of 96.2%* in the *global audit* conducted by the central IHG where the Auditors are coming from Singapore, and one of the components in it, the *Income Audit*, achieved a *score of 100%*.

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