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Theoretical Aspects of Night Audit at Hotel Enterprises

Introduction. *Hotels are luggage and service enterprises. To make the right management decisions and increase profits hospitality enterprises must have accurate, timely, and truthful information on the issues of commercial activities. The most effective way to obtain this information is possible when conducting a regular external audit. It is the quality of the current audit that determines the financial position of the state enterprise. Night audit is one of the areas of internal audit of hotel enterprises, aimed at ensuring the safety of assets, verifying the reliability of accounting information, improving the efficiency of operations, and their compliance with enterprise policy. Night audit is of particular importance for managers and owners of hotel enterprises, as it helps to assess the implementation of the objectives of production and economic activity.*

Purpose. *The purpose of the article is to study the theoretical aspects of night auditing in the hotel industry.*

Methodology of research. *The achievement of this goal was carried out with the help of general scientific and applied research methods, in particular: methods of scientific abstraction - to substantiate the essence and significance of night audit as an aspect of internal control in the hotel industry; methods of logical generalization - to determine the main tasks of the night audit; methods of systematization, detailing and grouping - to consider the methods and basic functions of night auditing.*

Results. *Analyzing and systematizing the scientific works of many scientists, the essence, purpose, and tasks of night audit were determined, the technology and methods of night audit of the hotel were considered, the main competencies of night auditor in the process of control operations were clarified.*

Conclusions. *The practical significance of the obtained results is to determine the need to introduce the practice of night audit as a full-fledged type of control. The scientific novelty of the research results is the deepening of the theoretical foundations of night audit technology to improve the accounting and control support of the management system of the hotel industry. Further research will focus on the detailed implementation of night audit automation in hotel activity.*

Keywords: *hotel management; night audit; night auditor; internal audit; control; inspection.*

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Теоретичні аспекти нічного аудиту на готельному підприємстві

Анотація. *Готелі – це підприємства багажу та обслуговування. Проаналізовано, що для прийняття правильних управлінських рішень та збільшення прибутку підприємства гостинності повинні мати точну, своєчасну та правдиву інформацію з питань комерційної діяльності. Визначено, що найефективніший спосіб отримати цю інформацію – проведення регулярного зовнішнього аудиту. Саме якість поточного аудиту визначає фінансовий стан державного підприємства. Доведено, що нічний аудит – один із напрямів внутрішнього аудиту готельних підприємств, спрямований на забезпечення безпеки активів, перевірку надійності бухгалтерської інформації, підвищення ефективності операцій та їх відповідність політиці підприємства. Обґрунтовано, що нічний аудит має особливе значення для менеджерів та власників готельних підприємств, оскільки він допомагає оцінити реалізацію цілей виробничо-господарської діяльності.*

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Метою статті є вивчення теоретичних аспектів нічного аудиту в готельному господарстві. Аналізуючи та систематизуючи наукові праці багатьох вітчизняних та зарубіжних учених, визначено сутність, мету та завдання нічного аудиту, розглянуто технологію та методи нічного аудиту готелю, з'ясовано основні компетенції нічного аудитора в процесі контрольних операцій.

Практичне значення отриманих результатів полягає у визначенні необхідності впровадження практики нічного аудиту як повноцінного виду контролю. Науковою новизною результатів дослідження є поглиблення теоретичних основ технології нічного аудиту з метою вдосконалення бухгалтерського та контрольного забезпечення системи управління готельного господарства. Подальші дослідження будуть зосереджені на детальному впровадженні автоматизації нічного аудиту в діяльності готелів.

Ключові слова: управління готелем; нічний аудит; нічний аудитор; внутрішній аудит; контроль; інспекція.

Formulation of the problem. The problem of controlling the activities of the hotel and its departments, identifying deviations, errors, and errors in business processes, technological processes, and staff work are some of the main problems in the work of modern hotel enterprises. The night audit helps to identify violations in the work of hotel enterprises, prevent illegal or non-economic in terms of the interests of enterprises of economic and financial operations at the initial stage of management decisions. The result of the night audit should be transparent, reliable information, based on which the management will exercise managerial influence on the implementation of business processes, which will further contribute to the effective achievement of the goals of the hotel industry.

Analysis of recent research and publications. Scientific works of domestic and foreign researchers cover issues related to internal audit and control in the hotel industry. Scientists such as N. Boychenko, N. Gerasimova, O. Dombik, N. Kovalevska, I. Nesterenko, V. Panasyuk, S. Sachenko, O. Farion, O. Cheresnyuk, L. Yancheva and others. At the same time, despite the significant number of publications on this issue, the theoretical aspects of night auditing are not sufficiently covered and require more detailed research.

Formulation of research goals. The purpose of the article is to study the theoretical aspects of night auditing as a type of internal control in the hotel industry.

Outline of the main research material. The peculiarity of the hotel industry is that they provide their customers with services not only for accommodation but also several additional services of an entertaining nature, sports, and health, information, household, etc.

The hotel operates continuously: the hotel operates 24 hours a day, 365 days a year. Customer service

technology in hotels is characterized by cyclicity - a consistent repetition of the process of customer service from the time of his arrival at the hotel until the final departure from the hotel. The technological cycle of customer service is a unified standard range of services with a certain sequence of services, which intends to use guests and which offers accommodation during their stay in the hotel [5].

Usually, in hotels with developed infrastructure of recreation, the most active life takes place in the evening and at night, i.e. when there is no management and employees who are the curators of those production units that work around the clock. Therefore, in some domestic hotels in the reception and accommodation service is the position of night auditor, sometimes the function of night auditor is performed by one of the accountants.

Night audits are procedures aimed at verifying the correctness and completeness of accounting for transactions performed during the past day, and their financial results, which are reflected in the reports, as well as the correctness of accounting for the number of rooms.

Night audit helps the organization to achieve the set goals using a systematic, orderly approach to the assessment and increases the efficiency of risk management processes, control, and corporate governance [8].

The need for night audits in hotel enterprises does not arise spontaneously - different users of information are interested in its results, which directly or indirectly regulate the activities of the business entity [2].

Taking into account the specificity of the internal audit as a type of control, it is advisable to identify the principles of its implementation (Fig. 1).

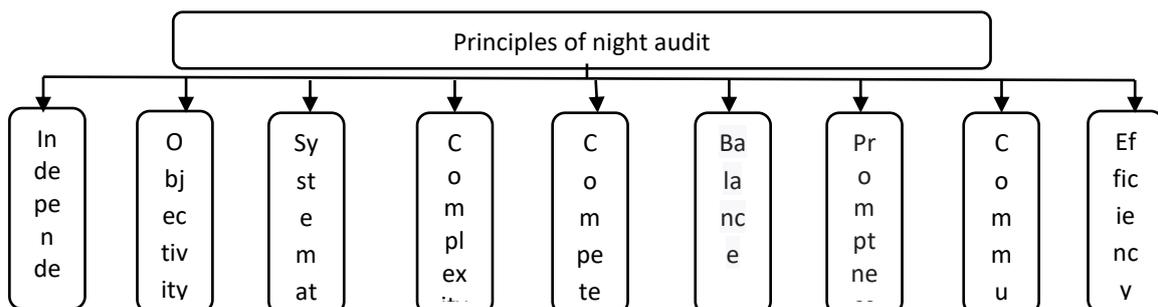


Figure 1 – Principles of night auditing

Source: developed based on [6,7,11]

The main purpose of the night audit is to prove the correctness and completeness of accounting for guest and non-guest accounts of the hotel in comparison with internal reports. Transactions carried out in the hotel

during the working hours of the audit are attributed to the next day and taken into account during the next audit [9].

Night audit as a daily (night) operation involves solving certain tasks (Fig. 2).

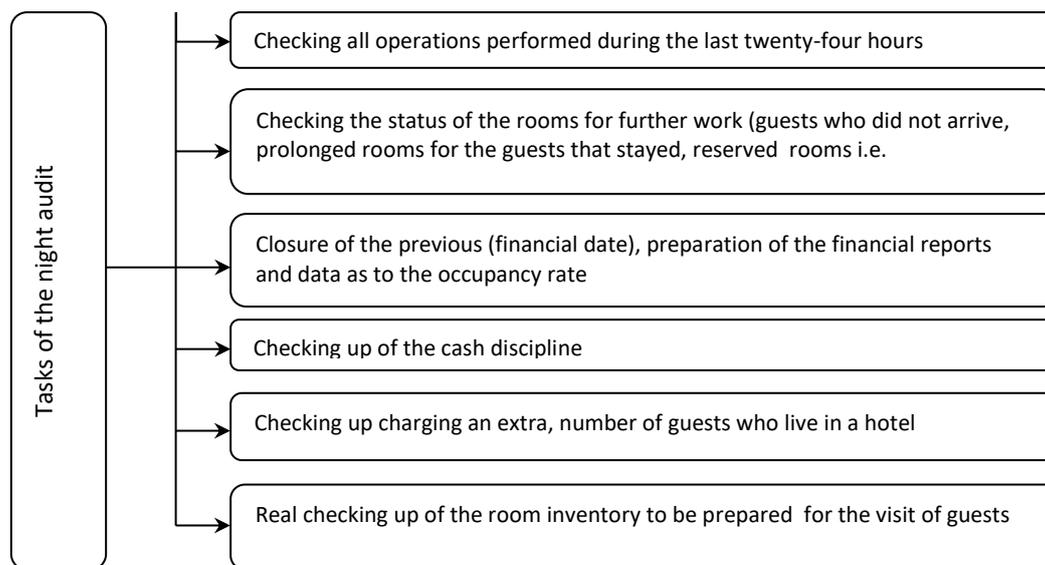


Figure 2 – The main tasks of the night audit

Source: developed based on [3,9]

The audit process is performed at the end of the working day, during the night shift, and therefore this inspection is called a night audit, and the employee is a night auditor.

The night auditor performs the functions of a receptionist at night, checks the correctness of the accounting documentation, and prepares a daily report based on the commercial activities of the hotel business. The auditor checks the income from hotel accommodation, the percentage of actual occupancy of rooms, and other data received from the reception and accommodation service, performs a cash settlement, including payment by checks and credit cards [4]. Also, the night auditor summarizes the results of operations for all revenue-generating units to further provide management and other interested users with information for management decisions in the provision of service technology. In general, the service of the night auditor is to summarize the general results of the day.

The activities of night auditors greatly facilitate the work of the day shift, as all customer accounts are already verified and prepared for the payment transaction. Thus, the customer service process during the hours of the most massive arrival or departure is significantly accelerated.

It is necessary to dwell on the rights, duties, and responsibilities of internal auditors (Table 1).

The correct formulation of the rights, duties, and responsibilities of the night auditor and the details in the Regulations on the internal audit service contribute to the streamlining of the service and the establishment of proper communication within the hotel. Depending on the technical equipment of the hotel, night auditing can

be: non-automated (manual), semi-automated and automated. Non-automated night audit is performed by reconciling the primary documents of the hotel and accounting documents. The auditor uses the documentation: accounting book; cash accounting information; daily and additional transcripts; final audit information.

Non-automated night audit assumes that the night auditor compiles daily and additional transcripts by transferring data from each settlement sheet to the appropriate line on the transcript, thus determining the total transactions on the accounts for each day. Information from transcripts and cash accounting information is transferred to the final statement, which reflects all daily transactions.

This method of conducting a night audit is exhausting and ineffective. Semi-automated night auditing is more convenient because the audit process is performed using cash register data, which records guest transactions on cash registers, and at the same time performs many other actions that simplify the work of accountants and auditors. The easiest to perform is a fully automated audit, according to which the computer system independently performs the current audit of operational records and compiles reports. Night auditing, with the introduction of computers, is not necessarily a night activity. Many computer systems can provide direct information at any time and provide final reports on demand.

Because the automated system works around the clock, it enables the functioning of file reorganization systems, maintenance systems, reporting and provides summarizing at the end of the day. Since the computer

system performs the current audit of operational records, as they arise, the need for audit, which makes accounts, virtually disappears. The accounting system of the reception and accommodation service may be related to

the planned revenues of automated records from the system of accounting for visits to points of sale, indoor travel, bars, etc.

Table 1. **Rights, obligations and responsibilities of internal auditors**

Obligations	Rights	Responsibility
<ul style="list-style-type: none"> – know and keep to order and work norms in reception and accommodation department; – fulfill the tasks of the head of reception and accommodation services; – pay attention to the requests, complaints, and problems of the guests; – complete the guest registration upon arrival and departure; – inform the administration about difficulties upon guest registration; – check the condition status of rooms; list of guests who arrive and depart; – work in close dialogue with other departments; – receive payment for the services provided by a hotel; – put into practice automatic clothing of a day in a hotel system; – put into practice shift transfer; – pay attention to the personal appearance, way of behaving, upgrade your professional level i.e. 	<ul style="list-style-type: none"> – make requirements of administration to keep to the norms of legislation; – make requirements of administration to keep to the rights of job safety; – make requirements of administration the acquisition of housekeeping equipment; – come up with an idea of further improvement of a hotel business. 	<ul style="list-style-type: none"> – nonfulfillment of the functional obligations; – incorrect information of the state of fulfillment of given tasks and assignments, violation of the terms of fulfillment; – nonfulfillment of managers' orders; – violation of rules of fire safety and safety facilities established by an enterprise.

Source: based on [3,10]

Computerized systems allow the auditor to spend more time checking operations and analyzing the hotel. If at the end of the audit the balance does not converge, it means that the computer entered the wrong information or there are failures in the computer system itself.

Another advantage of computer systems is that they can compose and calculate records much faster than manually. In the case of an audit, the computer can process much more information, perform many calculations and summarize instantly.

Computer systems also provide frequent access to information, which allows management to fully control

transactions, income statements, occupancy data, arrivals, room status, etc.

Today there are more than a dozen hotel management automation systems on the market. Computer programs for automation of the hotel industry presented in the information technology market have various possibilities. Ukrainian enterprises in this industry use both foreign software products (American Opera, Fidelio, and Epitome, Russian "Hotel-2.3", "Edelweiss", Servio) and domestic developments (ProHotel, SuperHotel, B52, and others).

When studying the process of night audit, it is important to understand its main functions (Fig. 3).

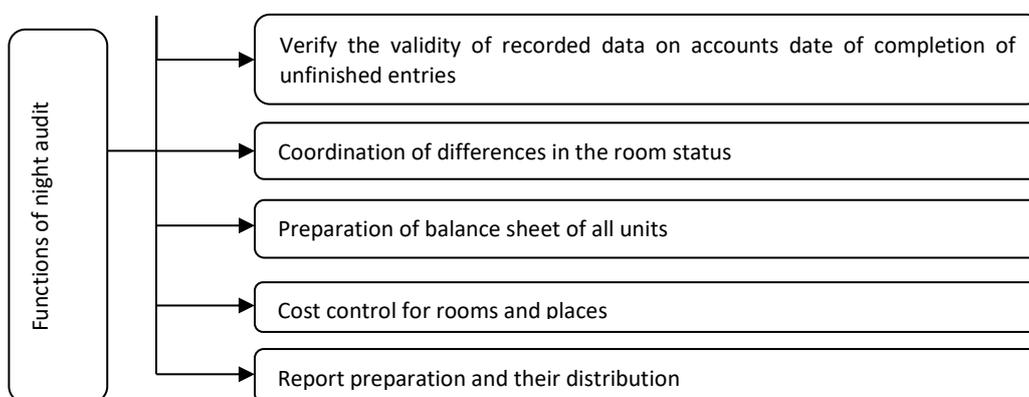


Figure 3 – **The main functions of the night audit process of the hotel**

Source: based on [1,3]

Consider the competencies of the night auditor in more detail.

The main function of the audit is to ensure that the records on all documents have been completed, ie all

transactions that affect the reporting are recorded in the relevant accounts. And while most employees try to record transactions in the right accounts as they are received, the night auditor makes sure that all transactions are recorded before the audit begins.

It is the responsibility of the hotel's floor service to report on the expected status of the rooms they serve. The night auditor reviews the reports of the reception and accommodation service and the floor services and, if he finds discrepancies in the status of the rooms, must reconcile them by the end of the day. After checking all the circumstances, the auditor presents a letter for closing and is determined by the status of the room.

Using primary documents, the night auditor balances all accounts of the reception and accommodation service and information on the operations of other units. To identify errors, a detailed audit of all records for each department of the hotel, the documents are compared and summarized.

To minimize the loss of revenue from the rooms, the night auditor may require the reception and accommodation service to provide a report on the income from the rooms. The report indicates the prices for each room and the actual prices at which the numbers are delivered. The night auditor informs the general manager of the hotel about the revealed discrepancies. The information obtained is the basis for the analysis of income from the number fund.

The final function of the night audit process is the preparation of reports. The night auditor is responsible for compiling the final detailed and summary report by

division, balance sheet, and special reports. Conveniently prepared reports are provided on time for review by the hotel management and are the basis for determining the effectiveness of the reception and accommodation service. The stage of distribution of reports is very important for the operational work of the hotel. If all reports are compiled accurately and reliably, delivered on time, then more correct operational decisions will be made.

Conclusions. Thus, night auditing is of great importance in the hotel business. It is an effective tool for controlling and managing the security of the hotel industry. Carrying out a night audit makes it possible not only to establish deviations from the rules, procedures, norms of legislation but also to determine the reasons for deviations, to identify officials who committed them. Night audit plays an important role in forming the accounting and analytical basis for the implementation of the management function in the implementation of the technological process of providing hotel services, as well as serves as a source of internal reports and statistics.

Research of theoretical bases of night audit will allow adapting tasks of carrying out control procedures to the revealed risk situations and to concentrate resources of the process of night audit on problematic aspects of the activity of the enterprises of hotel economy. Given the role of night auditing in the effective functioning of hotel enterprises, a promising area of further research is a comprehensive study of the introduction of an automated system of control processes in the activities of hotels.

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