

INTERNAL AUDIT OF ACTIVITY RESULTS AT ENTERPRISES OF HOTEL AND RESTAURANT BUSINESS

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ABSTRACT

The method of internal audit of activity results of enterprises of hotel and restaurant business is improved, providing an integral system of information management about the received incomes, incurred expenses and the formed financial results by types of services, allocated levels of audit, centers of responsibility with the use of these audit procedures. One of the important elements of internal audit, which makes it possible to audit the activity results, is the use of forms of internal reporting: audit of the formation of the cost of goods sold in the restaurant and provided hotel services; audit-accumulative information on the cost of turnover of the restaurant unit and information on internal audit of income from the sale of goods in the restaurant and income from the provision of hotel services. The application of reporting forms and the procedure for dealing with them consists in the formation of a qualitatively new information support, which enables to react promptly to changes in the activities of enterprises of hotel and restaurant business.

Keywords: Internal Audit, Hotel Services, Internal Reporting, Information Provision, Managerial Decisions.

JEL Classifications: M21, O16

INTRODUCTION

In the current conditions of management, the hotel and restaurant business represents the material component of the tourism industry and is an important segment of the market of services of the national economy, which is related to the activities of business entities that offer on a commercial basis its own services to provide customers with accommodation and catering services, as well as other additional services that are important components of the hospitality industry.

The financial and economic crisis that accompanies modern economic relations requires research in the economic field with the aim of developing and implementing advanced organizational and managerial technologies in the hotel and restaurant business, which leads to a review of the theoretical foundations of the characteristics of the enterprises under study for the proper formation of accounting and analytical support as informational component management system.

The activity result of enterprises of hotel and restaurant business depends, first of all, on the proper informational-analytical and audit support of the management system, which confirms the fact of conducting business operations. Modern economic conditions make the management system of the enterprise revise the approaches to the formation of activity results in the management system in order to increase the reliability and efficiency of the formation of information provision to address the existing problem aspects of financial and economic activities of business entities.

The functioning of enterprises of hotel and restaurant business in the current crisis of economic conditions predetermines the objective need for systematic audit over the recognition and formation of activity results, which is an important aspect of the efficiency of the management system.

The current crisis situation in the national economy requires a continuous review of the improvement of accounting and analytical information provision of managerial decisions on revenue and incurred expenses in order to find optimal and effective management methods.

REVIEW OF PREVIOUS STUDIES

The current state of the global economy requires the enterprises of the hotel and restaurant business to build a proper system of internal audit, which should be integrated into the general information management system of the entity, which will enable the use of a balanced indicator system as an operational identification tool for external and internal factors. The result of the operation of internal audit should be transparent, reliable information on the basis of which the management of the company will manage the impact on the implementation of business processes, which will further contribute to the effective achievement of the objectives of the enterprise (Hilorme et al., 2019).

In their works, the scientists considered the components of the audit process for the respective objects of audit, but no particular attention was paid to the peculiarities of the activity of the enterprises of hotel and restaurant business (Alberca & Parte, 2018). Modern business conditions, characterized by constant changes in the management system, necessitate additional work on the directions of improving the organization and methods of internal audit of the main activities of enterprises of hotel and restaurant business (Jung, 2018).

Consideration of the essence of internal audit gives grounds to assert the necessity of constructing a proper audit system as an important element of a well-established management mechanism that involves the formation of operational and reliable information and ensures the achievement of the goals set by the made management decisions (Bartsch et al., 2018).

Internal audit as a component of the audit system should be continuous, as it affects the functioning of the audit object, which allows making more effective decisions in order to improve the financial and economic activity of the enterprise (Drobyazko, 2018).

The results of the study provide grounds for arguing that internal audit from the point of view of practice is the main source of effective management, reliable and operative formation of accounting information in managerial and financial reporting (Williams, 2018); audits the economic feasibility of implementing relevant business processes (Mun & Jang, 2018); promotes the preservation and rational use of assets, operational audit over the incurred expenses and received incomes, etc. (Manisha & Bosman, 2018).

METHODOLOGY

The methodological part of the work is the following general scientific and specific methods of research: graphical when studying the state of hotel and restaurant business; observation, comparison when studying modern accounting and internal audit system; grouping, classification and comparison for consideration of theoretical components of accounting and internal audit of the activities of the enterprises under study; detailing, system approach and modeling for the construction of a system of accounting and internal audit of enterprise activities of hotel and restaurant business.

RESULTS AND DISCUSSION

The results of the study of the state of internal audit of enterprises of hotel and restaurant business show a lack of a systematic approach to carrying out audit procedures on objects of audit, which gives grounds to assert the unsatisfactory state of the audit system and necessitates the construction of an effective audit system for the management personnel. Based on the principles of expediency and efficiency, as well as on the basis of a systematic approach to the management of the activities of the investigated enterprises, we proposed an organizational model of the system of internal audit of enterprise activities of hotel and restaurant business (Garbowski et al., 2019).

The proposed model of organization of internal audit at the enterprises under study will enable to clearly identify the components of the audit system in order to increase the effectiveness of its conduct for the formation of appropriate information in order to make sound management decisions. At the same time, the results of the study show that when introducing a system of internal audit over specialized working assets and the results of the enterprises of the hotel and restaurant business, the following interconnected components should be taken into account: the accounting system, the audit environment and audit procedures, the characteristics of which are given in the Table 1.

Name	Characteristic
Accounting system	Determines the sequence and content of records in the accounting system, which, based on primary documents, confirm the fact of conducting business operations
Audit environment	Is determined by the general attitude, awareness and actions of the management personnel regarding the audit system and its importance in solving the tasks. The factors that determine the audit environment include: the style of work of the managerial staff, the organizational structure, the distribution of powers and the sphere of responsibility of employees, etc.
Audit procedures	Are developed by a management system to achieve the goal. These include: studying the feasibility of operations, analysis of activities, checking arithmetic accuracy, verifying the results of inspections, checking and auditing documents, inventory, inspection, limiting access to information, monitoring budget execution, etc.

The results of the research give grounds to assert that the information base of the internal audit of the enterprises of hotel and restaurant business is: provisions, job descriptions and other internal normative documents; approved budgets, estimates, etc.; primary accounting data;

inventory descriptions; internal audit and management reporting; registers of analytical and synthetic accounting, accounting records and financial statements; - other documentation, which is formed at the enterprise and acts as an information support in making management decisions.

Depending on the information support that is used in the implementation of audit procedures, internal audit is divided into documentary and actual.

In order to ensure effective audit over the objects of individual use (overalls, uniformed clothing, mechanized equipment, which is attached to a certain person), we offer for the enterprises of hotel and restaurant business the introduction of an Individual card for providing employee with specialized assets (Table 2).

Asset Name	Unit of Measurement	Actual balance		Deposits	Disposals	Closing balance	
		Quantity	% of Usability			Quantity	% of Usability
Uniform	Pcs.	1	70%	0	0	1	35%
Footwear	Pcs.	1	90%	0	0	1	80%
Cleaning Equipment	Set	1	65%	2	1	2	70%
Cleaning material	Set	1	35%	3	4	0	-

This document will accumulate information about the employee's maintenance of the proper items and will make it possible to personify responsibility for its use and storage.

In our opinion, internal audit over the performance of enterprises of hotel and restaurant business should be carried out at the following stages: organization and management of managerial decisions there is audit over the expediency and legality of the business operations of the enterprise, as well as the possibility of achieving the optimal financial result; accounting - the completeness of reflection is audited, the processing efficiency and preparation of information about the activity results; budgeting the optimality, rationality and efficiency of different options of managerial decisions and its compliance with general strategic goal of the enterprise activity are estimated.

The form of internal audit of the activity results at the enterprises of hotel and restaurant business depends on the frequency of the implementation of audit procedures and stages of its occurrence and is divided into the previous, current and next types of audit.

An important stage in auditing production expenses is the audit of the use of material and labor resources. Such audit is one of the most labor-intensive areas, since it requires the implementation of audit procedures for the use (consumption) of various types of resources, which allows auditing the expenses in comparison with planned calculations. First and foremost, the correctness of the calculation of services for accommodation (servicing) in hotel rooms, provision of other services (rental department, hairdressers, dry-cleaners, etc.) and costing in the restaurant for separate dishes and other products to be sold are performed. In addition, it is necessary to monitor the timeliness and reliability of the recording of operations for the reception, storage and shipment of material resources in the restaurant, its use in the hotel and other structural subdivisions of the subject of research. The correctness of spending of inventories in accordance with the established norms and the study of the validity of its write-offs are checked. Particular attention should be paid to the use of raw food in the preparation of

dishes, the application of standards for the culinary products yield and the rules for the abolition of natural losses.

RECOMMENDATIONS

Therefore, in order to ensure the effective functioning of the internal audit system at the enterprises under study it is expedient: to develop internal standards that regulate the audit of the enterprise; to organize a multi-level system of internal audit, which is implemented in certain forms to ensure the information needs of the respective levels of management; to organize preliminary audit on the basis of information integration of audit subsystems and using modern information technologies; to develop management reports for documenting the audit procedures; to introduce the method of audit taking into account the organizational features of the enterprises of hotel and restaurant business; to establish audit over the efficiency of the use of specialized working assets of the enterprise.

CONCLUSION

The organization of internal audit of the activities of enterprises of hotel and restaurant business on the proposals of the author will provide an opportunity to build operational audit over the ongoing processes in the context of structural units, centers of responsibility and cost centers, which will provide reliable information support for the management system.

Introduction of the existing system of monitoring proposals to improve the method of internal audit of the results of the enterprises of hotel and restaurant business will allow to quickly detect the deviation of the actual data from the plans, will enable effective prevention and timely detection and elimination of errors, inaccuracies, violations and deviations, which will improve the performance of enterprises. In order to increase the significance of the proposed methodological procedures, we provide a methodology for monitoring the performance of the enterprises under investigation, which make it possible to determine the sequence of conducting audit actions, as well as to present the results of the user's audit of the information in an operational and systematic manner.

The effectiveness of activity management of enterprises of hotel and restaurant business depends on the audit procedures applied by the subjects of audit over the incurred expenses, the received incomes and the financial results. Requirements of the audit system of dedicated audit objects include the use of working documents: audit data on the formation of the cost of goods sold in the restaurant and provided hotel services; audit cumulative data on the turnover of the restaurant unit and information on the internal audit of income from the sale of goods in the restaurant and income from the provision of hotel services. The application of the proposed information in the audit system allows to accumulate the relevant information, respond promptly to the amount of expenses and incomes, and effectively monitor the activities of hotel and restaurant business.

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