

INTERNAL CONTROL ORGANIZATION IN ACCOMODATION UNITS

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Abstract: *The purpose of this paper is to highlight some aspects of feature data in the organization of internal control units travel. On the other hand we tried highlighting the importance of internal control activity as a component in entire activity of these units.*

Key words: *internal control procedures and control methods, services, controller, control documentation*

INTRODUCTION

The complexity of the economic life, the financial and economic crisis, and the social and environmental issues increase the economic role of financial information in the decision making process. The efficient management of any business entity is based on the existence of a well-structured economic information system, according to the information needs of managers, whose main component is accounting. Companies in the tourism industry operate nowadays in a competitive market in which prices/tariffs are set by the market and the internal control is one of the factors that can ensure the achievement of the proposed performance.

Tourism is an industry that includes a complex of services and goods, establishing a connection between providers and tourists. The activity of the tourism entities is diversified, including a set of services provided, as follows (Dumitrana, Jalbă, Duță, 2008):

a) the domestic tourism activity organized through the agencies within tourism companies;

b) tourist accommodation activity including:

- the accommodation activity (the hotel business) performed in various accommodation facilities: hotels, motels, inns, villas, lodges, etc.;

- the activity of providing additional services for tourists: mail services, personal services (hairdressing, hairstyling laundry, rental of items), treatment services, recreational services, etc.

c) the activity of personal tourist transport by own means of transport;

d) the activity of selling goods (public food service and retail through other trading facilities);

e) the production activity (restaurant, confectionery – pastry, bakery, butchery, etc.).

f) other services.

Given the broad scope of activities performed by tourism entities, the rigorous organization and conduct of the internal control is a priority. The internal control includes all the control procedures and methods allowing for the measurement, assessment and the provision of the effectiveness and accuracy of the accounting information. The structure of the tourism entities detailed above must be taken into account in the organization of the internal control.

The main characteristic of the internal control system is the separation and independence of the operational, accounting and control functions, the separation being in fact the basic mechanism for the protection against any type of error, fraud, error, but also for the provision of the accuracy of the accounting unit. No other internal operational or

functional sector should be able to exercise any control on the recording of the accounting information, i.e. ensuring the applicability of the accounting autonomy principle.

MATERIALS AND METHOD

The accounting regulations compliant with the European Directives approved through Order of the Minister of Public Finance no. 3055/2009 in section 11, art. 309, introduced the obligation to implement an internal control requirement for all the entities falling within the scope of such regulations. At the level of big companies, the internal control is generally organised in one form or another. Problems occur in small and medium enterprises where the control is absent or less formalized. The managers of these entities attach maximum importance to the commercial aspects and neglect internal control. In the case of small units where internal control is present in a certain form, it is not formalised. This aspect is also valid in the case of tourism enterprises.

Thus, under OMPF 3055/2009, the internal control aims at providing:

- the compliance with legislation in force;
- the implementation of the decisions made by the management;
- the proper functioning of the internal activity of the entity;
- the reliability of the financial information;
- the effectiveness of the entity's operations;
- the efficient use of resources;
- the prevention and control of the risks of not reaching the objectives, etc.

The prerequisites for the application in practice of internal control are represented on the one hand by the good organization of this activity within the entity and on the other hand by the professional and human qualities of the staff engaged in the control activity. The capacity of the responsible staff to provide the continuous monitoring of the activity, the selection, training and monitoring of the staff with prerogatives in accounting, control, but also in the execution area is also a prerequisite of the conduct of the activity within the accommodation entity in optimal conditions.

The control action determines whether the economic and financial activity is organized and performed according to the established rules, principles, or regulations. Knowing and improving the financial activity requires a scientific way of research and action, a methodological system, by which to reflect reality, legality and efficiency.

The control methodology as a process structured on the above-mentioned moments, implied a combination of research and action that, in theory, is as follows (Munteanu coordinator, 2012, page 33):

- formulating the objectives of the control. The objectives must be established separately for each organizational link of the tourism entity (hotel, restaurant, bar etc);
- the delimitation of the objectives by control forms;
- establishing the bodies competent to perform the control of the set objectives;
- the identification of the sources of information for the control (primary documents, technical, operational and accounting records, and other documents);
- the application of the control procedures and techniques by which the controlled activity is known;
- establishing the deficiencies, gaps and deviations, the improvement possibilities that may be ascertained;
- preparing the control documents;
- methods of completing and capitalizing the control action;

- setting the efficiency of the control towards the prevention, ascertainment and elimination of the shortcomings, deviation but also towards the improvement of the controlled activity.

In our opinion, managers should aim the objective of having an integrated internal control, that should take into account all the functions of the entity. This objective is particularly important since, in recent years the recognition of the internal control as a performance management tool has increased.

RESULTS AND DISCUSSIONS

In the approach of organizing the internal control of the accommodation entities the pedagogical function fulfilled by the control should also be taken into account. we are mentioning this because many times its coercive function is emphasized. Without diminishing the importance of the latter, in our view the exaggeration of his role is harmful to the work climate within the entity.

The stages to be completed in performing the control (Munteanu coordinator, 2012, page 33) at the level of any accommodation entity include:

I. Scheduling the financial control activity

At this stage the following will be pursued:

- *the development of the control program* based on which the control activity is performed. This document contains all the objectives structured on forms of control, deadlines, performers and the subjects of the actions, respectively. In the case of tourism entities it is necessary to detail the control programme on organizational links (hotel, restaurant, leisure facilities, etc.);

- *the distribution and transmission of the objectives of the program to the units with financial control competences.* The teams of auditors are established on the topic and objectives set, according to the professional competences. After being approved, the provisions of the control program are mandatory professional duties.

II. Preparation of the financial control action

- *Establishing the control subjects* according to the information needs of the management, at a certain moment and can be permanent or accidental.

- *the general analysis of the control themes* involves acquiring the theoretical and legal provisions governing the activity that is the subject to inspection.

- *setting the main objectives of the control. The financial control themes*

III. The completion of the financial control, involves

- *adapting the thematic objectives to the actual conditions of the controlled activity;*

- *Determining the sources of information for the completion of the control;*

- *Selecting and applying the procedures and techniques necessary to complete the control.*

IV. Preparing the control documents

V. Capitalizing the findings resulted from the financial control

The financial control involves not only finding gaps, deficiencies and deviations. A control action will not end until it actually eliminates the ascertained deficiencies and measures are taken that lead to the practical improvement of the activity.

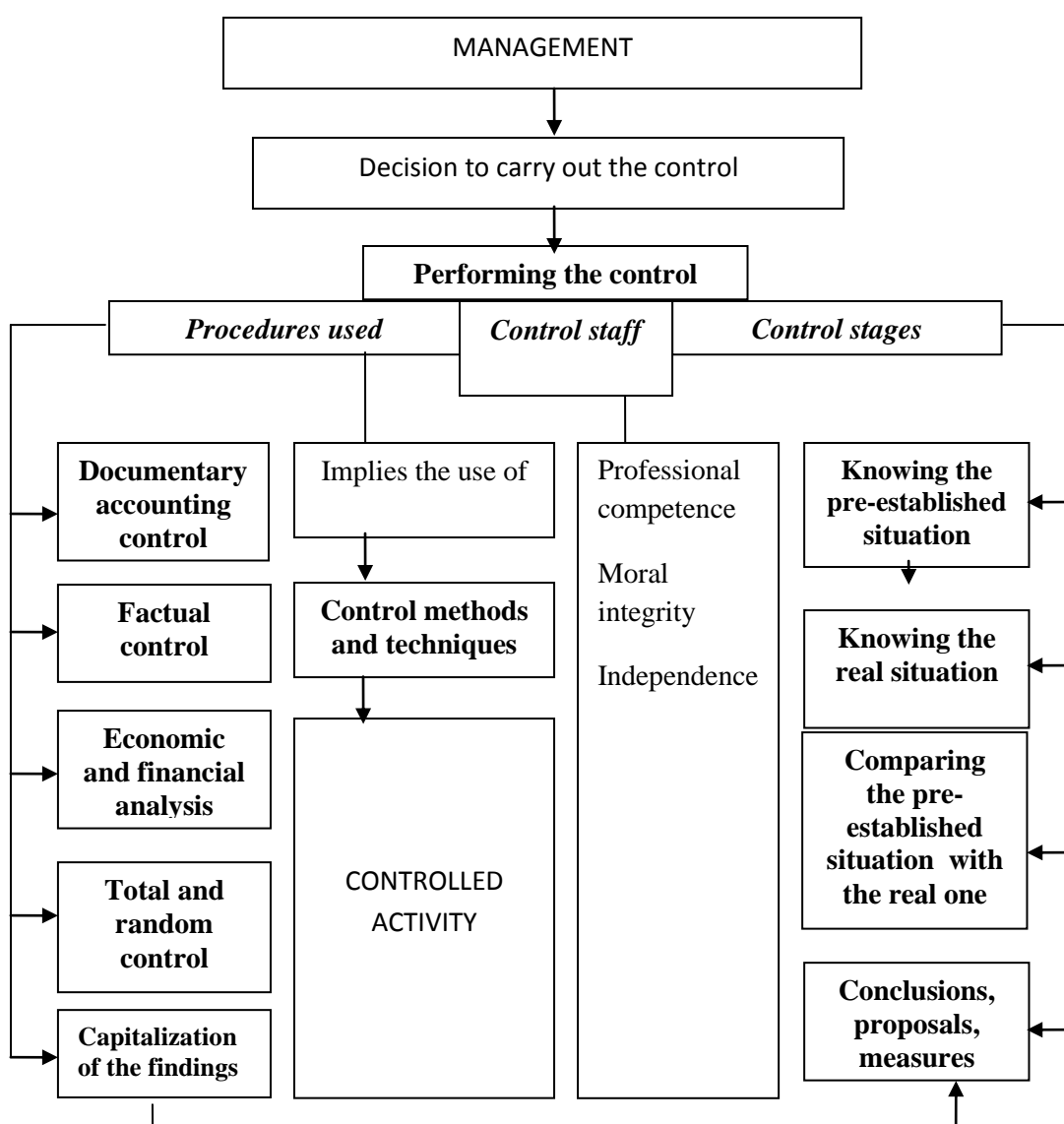
In order to establish the liability, as a manner of finalizing the financial control we have the following responsibilities: disciplinary, contravention, material and penal.

In figure 1 we present the scheme of the methodology of exercising control.

As seen in figure 1, carrying out the control involves the existence of staff with control prerogatives, performing the control at each of its moments using certain control

procedures. Within each procedure there are several control methods or techniques used to execute control.

In our opinion, the essential moment of the control moment is the comparison. This statement is also based on one of the moments of assessing performance itself: compared with the objectives set. Therefore, any economic and financial operation or activity is investigated not only in itself but also in relation to a criterion, with a comparison basis. In relation to the procedures used, each has its importance, depending on the controlled aspects, but in to help prevent the future occurrence of unpleasant events, we believe that maximum attention should be paid to the capitalization of the control findings. The capitalization must be substantiated in conclusion, proposals and actual measures, whose implementation within the entity should be followed step by step. We believe that this ensures the compliance with all the functions and objectives of the internal control.



- Source: prepared by the authors based on the literature
- Figure 1. Methodology for the exercise of control

It is generally accepted in all fields that it is better to prevent problems instead of treating them. In this respect, the management bodies can set measures concerning: the normal course of business, the increase in the efficiency, protecting the property, ensuring the payment of the remunerations, improving the working conditions, preventing losses and business disruption, preventing deviations from the labour order and discipline, negligence and waste.

Since the internal control as a tool available to managers, it should contribute to the fulfillment of the management functions, as follows:

- forecast – the control provides information mainly oriented towards the past but also to the future (preventive control).
- organization - the internal control is the result of the design and implementation of an accounting information system;
- coordination – the information supplied by the internal control helps the manager coordinate the activity of the company;
- training – by setting standards all the staff may be trained to observe them;
- control – the internal control checks the way and level of fulfillment of the objectives.

If the general manager is not the owner of the accommodation entity, there is a possibility that the person responsible for the control be employed by the entity, thus ensuring full autonomy in the internal control. The controller will report to the Director General not only in terms of labour discipline, he will also be, in fact, the person who ensures the organization of the activity of the persons with control prerogatives.

A very important aspect in the control activity is the control of the cash. Any accommodation entity requires that the accounting information on the revenue and expenditure be reflected and the control of its accuracy. The management team and the owners of big accommodation entities are interested in establishing a control system, in order to ensure the more value and the integrity of the assets. All the accounting rules must be consistent with the law, must be accurate, completely defined and most of all they must be observed. In relation to the organization of the management accounting, the main requirement must correspond to the information needs of the management.

The control of the movement is very important in the accommodation activity because:

- most services are paid in cash;
- with the exception of groups of tourists and events such as conferences, workshops, etc., the total revenue includes a succession of small revenues, each representing an individual customer in fact;
- the clients are different from all points of view (requirements, available budget, period of stay, etc.);
- the importance of debtors requires the application of rigorous controls, relatively short recovery periods;
- the suppliers the require payment upon delivery or accept sales on credit only for very short periods of time;
- all the occasional and special revenue and payments are monitored in the revenue-payment compartment.

The basic elements of the control of the revenue are:

- the recording of the receipts are made on the categories of receipts and providing entities;
- The recording of the revenue is based on the tax bills and receipts issued;

- All the services provided and the expenses borne for the customer are recorded daily, based on supporting documents;
- Proceeds are deposited in the bank account within the shortest possible time;
- the foreign exchange operations are rigorously controlled, and do not represent operations (they are exemptions).

On the other hand, the control of the payments also involves a number of control rules that must be observed:

- the separation of the payment and bookkeeping functions;
- applying rigorous procedures for the approval and control of expenditure before making payments.

Operative measures can be proposed or ordered, during the control, so that the deficiencies found be eliminated and their future recurrence be prevented:

- storing and keeping goods in appropriate conditions;
- accurate and timely preparation of documents;
- Recording pluses, recovering the damages etc.

Based on the findings and proposals made, the management of the controlled entity sets the measures to be taken for the elimination and prevention of deviations, applying disciplinary sanctions and setting the material liability and/or the submission to the competent bodies of the documents concluded in the case of finding criminal acts, as the case may be.

The employees in all the accommodation entities have the obligation to fulfil their obligations in an appropriate and timely manner, to act accordingly to improve the efficiency and quality of the services, to meet the obligations arising from the labour contracts, organization and operation regulations of the units and the orders received from the management.

CONCLUSIONS

If we analyze the actual socioeconomic conditions, we currently find that any business entity must adjust quickly to the continuously changing requirements in order to reach the performance objectives. Against this background a tool called control emerges, regardless of its forms.

Control is a customary activity of the accommodation entities because they too, like any other business entities are oriented towards ensuring and increasing performance. The indicators that are the object of various reports are different from one unit to another. Depending on the volume and amount of information requested by the management of each entity, the control activities are organized specifically. The communications of the information obtained as a result of the control activity by the management must be adaptable and flexible to specific requirements.

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