

Analysis of the Role of Income Audit in Internal Control: Evidence from the Hospitality Sector in Bali

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Abstract

This study aims to analyze the role of income audit in internal control at Courtyard by Marriott Bali Nusa Dua Resort. The approach used is descriptive qualitative with data collection techniques through observation, in-depth interviews, and documentation. The theoretical framework used in this study refers to the internal control component and fraud triangle theory which includes three elements: pressure, opportunity, and rationalization. The results of the study shed light that income audit plays an active and significant role in ensuring the accuracy of hotel revenue reports through the process of daily transaction verification, system matching, and formal short/over reporting. The four components of internal control have been implemented well, and the three elements of triangle fraud have also been effectively controlled. Based on the 15 observation indicators used, all of them were declared to be implemented, and the effectiveness of internal control reached 100%. This research contributes to hotel management in maintaining an accountable internal control system, as well as providing strategic recommendations for continuous improvement in the implementation of revenue audits.

Keywords: Fraud Triangle, Hotel, Income Audit, Internal Control.

1. Introduction

The company's revenue is generated from various transactions that occur in daily operations. These sources of revenue include room revenue, food and beverage revenue, and SPA service revenue (Fatimah et al., 2023). Revenue is the income earned by a company from the sale of goods or services, and is a key indicator in assessing business performance and sustainability (Maryana & Sarjana, 2024). Revenue plays an important role in determining a company's profit or loss, as reflected in the income statement (Trisnaningsih & Umar, 2020). All cash receipts will be checked by the income audit department.

Income audits play an important role in industries, one of which is the hospitality industry. Income audits serve to assess and analyse the revenue generated from daily transactions (Rijal et al., 2019). Income audit is part of the finance department run by an income auditor, who is responsible for checking, reconciling, evaluating, and reporting all daily hotel sales transactions (Suprpto & Limbing, 2019). In line with the role of income audit in the income verification process, internal control is an important aspect that supports the effectiveness of supervision and orderliness of company financial reports.

Internal control is essential in a company to ensure that all operational processes run smoothly and efficiently in achieving established goals (Damayanti et al., 2024). Adequate internal control has a significant correlation with improved financial performance, indicating



that an effective control system contributes to the accuracy of financial reports and supports the achievement of overall organisational performance (Amanamah et al., 2025). Internal control is an important component inherent in every managerial activity of a company. Effective control will give management confidence that the policies, decisions, and instructions that have been established are implemented consistently and in accordance with objectives (Budiman et al., 2020).

Investigation by Damayanti (2024) discover that the role of income audit at Swiss-Belinn Hotel Bogor has proven to be effective in controlling the revenue recording process. The results of research by Anthony (2023) shows that internal audits play an important role in fraud control, because fraudulent acts are becoming increasingly diverse and companies must act quickly to tighten internal controls with technological advances. Based on interviews conducted with income auditors at Courtyard by Marriott Bali Nusa Dua Resort. Income audits play an important role in examining cash income from the front office, food and beverage, and SPA departments. Through the audit process, it is possible to analyse the records that cause shortfalls/surpluses. If the shortfall/surplus exceeds the company's stipulated limit of Rp. 5,000.00, the income audit will investigate the department head by sending an email. When the income audit conducts a re-examination and creates a journal related to cash revenue, shortfalls/surpluses often occur. Shortfalls/surpluses often occur due to the unavailability of small change and guests giving excess amounts as tips. Shortages/overages affect revenue, causing recorded revenue to deviate from actual figures. This results in invalid reporting, which impacts forecasting.

Based on previous phenomena and research, this study will be conducted at a five-star hotel focusing on the issue of shortages/overages using qualitative descriptive data analysis techniques. This research is important to support the accuracy of financial reports and analyse internal controls. As such, this study aims to analyse the role of income audit in internal controls at Courtyard by Marriott Bali Nusa Dua Resort and analyse strategies that can be used by income audit in internal controls at Courtyard by Marriott Bali Nusa Dua Resort.

2. Literature Review

2.1. Role

A role is a responsibility or action that a person must perform in a job in order to contribute to the balance of management (Lepa at al., 2019). A role can be defined as a conscious activity carried out to achieve a specific goal, which can take the form of a task, responsibility, or function performed by an individual within an organisation (Simbolon et al., 2021), it can be concluded that the role is the responsibility that must be carried out by income audit to achieve the objectives of management.

2.2. Income Audit

Income is the revenue earned from the sale of a company's goods and services within a certain period of time. Income can also be defined as the costs charged to buyers or consumers. Income is very important for companies because it is an indicator of how well or poorly a company is performing (Khaeria et al., 2023). Auditing can be defined as a structured and systematic process of collecting and evaluating objective evidence related to statements about actions and events that occur within an entity (Clarisa & Pangerapan, 2019). Income audit is the department responsible for ensuring that all hotel sales transactions are recorded accurately and completely. The main task of income audit is to check, compare, and evaluate daily sales records to ensure that all hotel revenues are recorded correctly and in accordance

with applicable procedures in order to minimise the risk of recording errors. (Suprpto & Limbing, 2019).

2.3. Internal Control

Internal control is a process carried out to provide sufficient assurance that internal control objectives are achieved. This process covers all of the company's operational activities and is an integral part of management activities (Hanifa et al., 2023). The internal control elements mentioned by Mulyadi (2018) namely:

- a. An organisational structure that clearly separates functional responsibilities.
- b. An authorisation system and recording procedures that provide adequate protection for assets, liabilities, income, and expenses.
- c. Sound practices in carrying out the duties and functions of each organisational unit.
- d. Employees whose qualifications are commensurate with their responsibilities.

Effective internal control can have a positive impact on the operational effectiveness of a company, enabling it to ensure the accuracy of its financial reports and prevent fraud. (Andhani et al., 2024). The factors that influence fraud using the fraud triangle theory (Cressey, 1953), including: a) Pressure; b) Opportunity; and c) Rationalisation.

2.4. Previous Research

Damayanti et al. (2024) conducted research entitled “Review of the Role of Income Audit in Internal Control of Cash at Swiss-Belinn Hotel Bogor.” The results of the study show that the role of income audit at Swiss-Belinn Hotel Bogor is proven to be effective in controlling the process of recording income based on the concept of internal control according to COSO. Suprpto and Limbing (2019) conducted research on “The Role of Income Audit as Internal Control Over Intercontinental Bandung's F&B Revenue Cycle.” The results of the study show that income audit plays an important role in revenue management to prevent risks and fraud related to F&B revenue.

Anthony et al. (2023) conducting research on the “Role of Internal Audit in Fraud Control in the Digital Age” shows that internal audit plays an important role in fraud control, because fraudulent acts are becoming increasingly diverse and companies must act quickly to tighten internal controls. Rachmawati and Sunani (2023) performed research on the “Analysis of Internal Control Systems for Revenue and Cash Receipts at Vasa Hotel Surabaya.” The results of the study show that Vasa Hotel Surabaya has implemented regulations for controlling revenue and cash receipts with an internal control system.

Kartika and Pradnyani (2022) conducted research entitled “The Role of Income Audit in the Finance & Accounting Department at Frie Bali Echo Beach.” The results of the research show that the role of income audit in supervision has been running very well in accordance with the applicable SOP based on the concept of internal control according to COSO. Salsabil and Amrulloh (2023) conducted research entitled “Review of Daily Food and Beverage Revenue Inspection Procedures at Aston Bogor Hotel & Resort.” The results of the study showed that the daily food and beverage revenue inspection procedures carried out by income audit were in accordance with company operational standards.

3. Research Method

3.1. Research Object, Location, and Period

According to Sugiyono (2013), the research object is the main focus of a study, which helps researchers work systematically. This study analyses the role of income audit in internal control, particularly in relation to short/over in daily hotel cash receipts. The research subjects are income audit staff, located at Courtyard by Marriott Bali Nusa Dua Resort. The research was conducted from the planning stage in January 2025 to data collection in June 2025.

3.2. Data Analysis Techniques

The data collection techniques in this study refer to the qualitative approach as stated by Sugiyono (2013), which includes interviews, observations, and documentation.

- a. In-depth, structured interviews were conducted with income audit staff at Courtyard by Marriott Bali Nusa Dua Resort to gain an understanding of the internal control practices implemented, particularly in handling shortfalls/surpluses in daily cash receipts.
- b. Observations were used to obtain a real and direct picture of the work processes and implementation of supervision by income audit in hotel operations. This technique allowed the researcher to record patterns of behaviour and procedures that were not always revealed through interviews.
- c. Documentation complemented the two previous techniques by providing written and visual evidence, such as financial reports, activity minutes, and photographs taken during the interview and observation process.

3.3. Data Analysis Techniques

The data analysis technique in this study uses a qualitative descriptive approach that aims to describe phenomena systematically, factually, and in depth. The analysis was conducted with reference to Mulyadi's (2018) internal control theory and Creysse's (1953) fraud triangle theory to comprehensively understand the role of income audits in detecting and preventing potential financial irregularities.

According to Miles and Huberman (1994), qualitative data analysis consists of several stages:

- a. Data Collection, which is the initial stage conducted simultaneously with interviews, observations, and documentation, where researchers begin to explore the phenomenon being studied in its entirety.
- b. Data Reduction, which is the process of selecting and simplifying raw data into relevant and meaningful information in accordance with the focus of the research. This reduction involves in-depth interpretation and reflective discussion to determine which data has value as findings.
- c. Data Presentation, which is carried out through narrative descriptions, charts, and inter-category relationships, to visualise the findings in a more structured and easily understood manner.
- d. Drawing Conclusions and Verification, which is the process of identifying patterns, relationships, or themes that emerge from the data. The conclusions drawn are empirical findings that have not been previously revealed and contribute to the development of theory and practice of internal control in the hospitality industry.

4. Results and Discussion

4.1. Research Results

Based on observations and interviews with income audit staff at Courtyard by Marriott Bali Nusa Dua Resort, income audit plays an important role in overcoming internal control obstacles related to daily cash transactions. A common problem is short/over, which is the difference between the amount of cash received by the outlet cashier and the amount recorded in the system. All revenue, both cash and non-cash, from the front office, food & beverage, and SPA departments is reviewed and reconciled by income audit with supporting bills. Cash revenue is submitted to the general cashier and recorded in the daily cashier drop report, then compiled into the general cashier daily summary. Next, the income audit creates a general cashier journal using data from the general cashier daily summary and the general ledger downloaded from the Marriott General Ledger (MHGL), which is compiled through the Spread Sheet Journal Import (SSUL). Short/over discrepancies will be clearly recorded for further processing. This will then be processed further through the Marriott General Ledger (MHGL) to request approval from DOF. Once approved, the income audit will retrieve data through Employee Performance Management (EPM).

Shortages/surpluses usually occur due to a shortage of small change or excess payments from guests as tips. The income audit will send an email to the department head to conduct an investigation, and the department head will request clarification directly from the relevant cashier. This process aims to maintain the accuracy of daily income reports and prevent recurring errors. If there is a system error, the income audit will re-verify the next day. All of these procedures are part of internal controls aimed at ensuring the accuracy, accountability, and transparency of hotel financial reports.

4.2. Discussion

Based on observations and interviews conducted with income audit staff at Courtyard by Marriott Bali Nusa Dua Resort, it was found that all internal control components had been implemented effectively. This was evident from the fulfilment of all internal control indicators used in the study. This finding supports finding by Mulyadi (2018), which states that an effective internal control system includes a clear organisational structure, adequate authorisation systems and recording procedures, sound work practices, and employees whose quality is commensurate with their responsibilities.

First, from the organisational structure perspective, there is a clear separation of duties between cashiers, general cashiers, and income auditors. This serves to prevent overlapping authority and potential misuse. Income auditors act as parties not directly involved in cash receipt transactions but rather as supervisors and reviewers of daily transaction reports.

Second, in terms of the authorisation system and recording procedures, all income received from the front office, food & beverage, and SPA, whether cash or non-cash, is recorded and verified in a hierarchical manner. This process begins with the creation of a daily cashier drop report by the cashier, followed by the preparation of a general cashier daily summary by the general cashier. The income audit creates a general cashier journal using data from the general cashier daily summary and the general ledger downloaded from the Marriott General Ledger (MHGL), which is compiled through the Spread Sheet Journal Import (SSUL). Any short/over discrepancies will be clearly recorded for further processing. It will then be processed further through the Marriott General Ledger (MHGL) for approval by the Director of Finance. Once approved, the income audit will retrieve data through Employee Performance Management (EPM). This procedure ensures that every transaction can be tracked and audited systematically.

Third, in healthy work practices, there are preventive and corrective measures for income discrepancies (short/over). These discrepancies typically occur due to limitations in small change or tips from guests. The income audit will record these discrepancies and send an email to the relevant department head for clarification with the cashier in question. This process demonstrates that there is a monitoring system in place and a mechanism for directly addressing deviations.

Fourth, in terms of employees whose quality matches their responsibilities, income audit staff have an understanding of and training in operating reporting systems such as Opera, Infrasy, SSUL, and EPM. This training is conducted periodically to ensure that staff have the relevant competencies for developments in operational systems.

Additionally, the implementation of internal controls at Courtyard by Marriott Bali Nusa Dua Resort is effective in preventing fraud based on the elements of the Fraud Triangle (Cressey, 1953). Pressure is controlled through reasonable work targets and a fair compensation system, opportunity is minimised through daily audit systems and layered procedures, while rationalisation is prevented through strengthened work ethics and strict SOPs.

Thus, the role of income audit at Courtyard by Marriott Bali Nusa Dua Resort is not only limited to recording and verification, but also includes comprehensive preventive and corrective strategies in supporting accountable and transparent financial management.

In supporting the effectiveness of internal control, income audit not only performs verification and recording functions, but also implements a number of preventive and corrective strategies. These strategies reflect management's commitment to creating a system capable of detecting, preventing, and addressing any potential deviations in the revenue management process. Based on interviews and observations at Courtyard by Marriott Bali Nusa Dua Resort, the strategies implemented by the income audit department include the application of strict audit procedures, improving the quality of human resources through training, and conducting continuous monitoring and evaluation.

5. Conclusion

Income audit plays a vital role in supporting the effectiveness of internal control, particularly in the management of cash transactions from the front office, food & beverage, and SPA. Income audit has successfully implemented all components of internal control, as evidenced by the effective implementation of all components of internal control and fraud triangle theory. The income audit task not only includes revenue verification, but also investigation of cash discrepancies (short/over).

Strict audit procedures have been implemented by verifying actual daily transactions and system data (opera & infrasy). Staff training has been conducted effectively, as evidenced by the income audit team's proficiency in using systems such as Opera, Infrasy, Spread Sheet Journal Import (SSUL), Marriott General Ledger (MHGL), and Employee Performance Management (EPM). Monitoring and evaluation have been carried out through daily transaction checks and investigations with department heads if discrepancies such as short/over are identified, communicated via email.

It is recommended that future researchers expand the research location to include more than one hotel or other hospitality company, either within the same international network or across different networks, to provide a comparison of the role of income audit in internal control systems across companies. Additionally, future research could explore other issues related to short/over.

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