

INTERNAL CONTROLS

Introduction

In the forgoing chapters, specific measures relating to the specific operations of a hotel are recommended for adoption. Last but not the least, it is important for the hotel management to have an effective control system to ensure that the measures are understood by the staff and accepted for implementation. There should also be a mechanism to monitor compliance.

This last chapter aims to recommend some administrative measures which help enhance the monitoring and control system of a hotel.

Control of Hotels under the Same Group

Hotels operated under a **Group** may be delegated different authorities and functions, depending on the size and operation of individual hotels. However, inconsistency in standard of service or practices could have an adverse impact on the reputation of the hotel.

The Group management should make known to all staff its policies, particularly those in relation to the ethical standards expected of staff. To ensure all hotels comply with the laid down policies and guidelines and to foster good practices, the management could appoint a group auditor to check on compliance, conduct periodic reviews on individual hotels' performance, arrange regular workshop/sessions to provide a forum for the staff to share experience, and delegate or centralize functions as appropriate.

Independent and Active Audit Function

Where resources permit, it is advisable for hotels to engage an **internal auditor** to perform the audit function and he should report direct to the hotel's senior management or board of directors. Hotels may also engage **independent third parties** (i.e. "under-covers" not known to the hotel staff) to use the hotel services as guests and require them to report their observations to the management. Apart from conducting **compliance audit** checks periodically, hotels could conduct **revenue audits** on specific functions regularly.

Managing Staff Accountability and Integrity

Managerial staff should be held accountable for the activities performed by their subordinates. Being managers, they should diligently monitor their staff and should be able to uncover any misdeeds which are serious, repeated or widespread. It is therefore important for the hotel management to make this policy clear to the managers and require them to **pay special attention to those subordinates whose conduct and behaviour are in doubt** (e.g. those in financial difficulty or those suddenly changing their lifestyle).

Enhancing Ethical Awareness

To foster good practices and an ethical culture among staff, it is important for the hotel management to organize **regular capacity building training workshops for staff** at all levels.