

The night audit essay sample



1. The role of the night audit:

(The night audit requires attention to accounting detail, procedural controls, and guest credit restrictions. In this sense, the night auditor shall track room revenues, occupancy percentages, and other standard operating statistics. He/she shall, also, prepare a daily summary of cash, check, and credit card activities that occurred in the front office department on a daily basis. (In night auditing, end of the business day is a vital time for the auditor. As far as the closing of business day is concerned, management shall determine the end of day, which is the time after which the night audit can prepare his/her daily Reports. This end of day is usually the time where the majority of outlets close or no more have frequent activity. (The night auditor shall always compare the data conveyed in different folios against points of sales outlets daily reports, housekeeping room status report...This is called cross-referencing, and is a vital procedure in the internal control. (After comparing, the night auditor should come up with the guest, non-guest, and departmental accounts.

This total should match the daily POS totals (i. e. in balance). If not, then the auditor is said to be out-of-balance, and the night auditor shall substantially review all account statements, vouchers, support documents, and departmental source of documentation in order to bring the audit to balance. (The night audit shall compare all credit limits of guests and non-guests accounts with credit card floor limits, hotel's house limit, guest's status and reputation. If high balance accounts (i. e. balances for which the guest or non-guest limits are very near to an established limit) are detected, the night auditor shall note and report this to management the following day. (Under

the manual, a daily transcript and a supplementary transcript are used to track daily transactions of guest and non-guest accounts respectively. Hotels operating under semi-automated systems use D-Cards for the same purpose.

II- Operating Modes:

1. Non-automated system: under this very system, 4 forms are widely used, which are:

- Daily and supplementary transcripts
- Guest and non-Guest folios
- Front office cash sheets
- Audit recapitulation sheets

2. Semi-automated system:

(The audit of guest and non-guest accounts is ensured mostly through mechanical or electronic posting machines. The most important form obtained under this very system is the D Card.

3. Fully-automated system:

(This very system is the best compared to manual and semi-automated systems. In fact, this system can be interfaced with point of sale terminals, call accounting systems, and other revenue centers for quick, accurate and automatic postings to electronic guest and non-guest account folios. This very fact enables the night auditor to concentrate more on auditing transactions and analyzing front office activities.

III- The Night Audit Process:

■ The night audit process focuses on two areas:

– Discovery and correction of front office accounting errors ensured through

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the cross-referencing process. – Creation of accounting and managerial reports including audit balance, average rate, occupancy percentage, usage of package plans and other marketing programs, and the number of group rooms and complementary rooms occupied.

(The main steps of the night audit process are:

1. Complete outstanding posting
2. Reconcile room status discrepancies
3. Verify room rates
4. Balance all departmental accounts
5. Verify no-show reservations
6. Post room rates and taxes
7. Prepare required reports
8. Prepare cash receipts for deposit
9. Clear or back up the system
10. Distribute reports

IV- Verifying the Night Audit:

(Most of the errors encountered in the night audit process stem from the fact that the hotel is not operating under fully automated system. (The widely occurring errors in the night audit process can have the form of:

Pickup errors