



## **Audit of Human Resources Management in Vouk Hotel & Suites Bali**

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**Abstract:** Human resource is the main pillar for a company to realize the company's vision, mission, and goals. This research aimed to assess (evaluate) the programs and resource management system in Vouk Hotel & Suites Bali. The data sources used were primary and secondary data. The primary data source was taken from structured interview and questionnaire distribution, meanwhile the secondary data source was taken from regulation book, standard operating procedure (SOP), percentage absenteeism, and employee service income in 2019 at Vouk Hotel & Suites Bali. The obtained data was analyzed by using descriptive qualitative method with four steps of analysis in audit management, namely: preliminary audit, review and management control testing, follow-up audit, and recommendation. The result of the research indicated the weaknesses of several human resource functions, those are planning, employee training & development, employee performance appraisal, and given compensation. Based on the indicating weakness of the research, therefore, some improvement recommendations were given.

**Keywords:** *Management Audit, Audit of Human Resource Management.*

### **1. Introduction**

Human resource is the main pillar for a company as well as being the driving force to realize the company's vision, mission, and goals [1]. One of the company's success keys placed on the quality of human resource. Qualified human resource can only be obtained from a qualified human resource management as well [2].

Vouk Hotel & Suites is a company engaged in services (hospitality) which will be very dependent on its manpower. It results in human resources management becomes the main point in supporting the performance of the employee in Vouk Hotel & Suites Bali. However, based on the preliminary observation that has been conducted, the management of human resources currently still has some obstacles, such as the high level of employee absenteeism with an average of 23,09% and the highest peak is on December for 42,53%, furthermore, the compensation given is not in accordance with the workload of the employees, there are still vacant positions for a long time, the self-employed workers feel uneasy about the continuation of their contracts, and an unstructured training schedule.

The obstacles of human resources in Vouk Hotel & Suites Bali above must be corrected immediately, so that the company can properly maximize the use of human resources to gain the company's goals. It is necessary to conduct an assessment to the implementation and control of human resources programs



[3]. In order to ensure that the functions of human resources have been running and able to contribute well in achieving the company success, an assessment (evaluation) of the implementation and control of human resources programs must be carried out through audit of human resources management [4]. According to the description above, therefore, further research through audit of human resources management in Vouk Hotel & Suites Bali needs to be conducted and it is hoped that it can provide recommendation to improve effectiveness and efficiency of the company in managing human resources in Vouk Hotel & Suites Bali.

## 2. Literature Review

Management audit is an objectively and independently assessment of management effectiveness or organization structure to the achievement of the company's goals or policies [5]. The scope of management audit covers all aspects of management activities [6]. This scope can be in the form of all activities or can only cover certain part of the carried out programs or activities. The objectives of management audit are activities, programs, and areas within the company which is known or identified as still require improvement [7]. Audit of human resources management is a comprehensive examination of the quality of human resources within a department, division, or company, in the sense of evaluating HR activities in a company by emphasizing on the improvement [8].

The objective of strategic human resources management, to create a vision that is so fundamental issues related to the employee regarding. Hence, is given the importance of human resources as the most important factor in the production of organization [9]. Today's organizations have to remain alert and adaptive to unforeseen events, such as external crises, which create increased uncertainty among their workforce and pose immediate threats to the organizations' performance and viability [10]. Human resources management should focus on cost reduction and corporate profitability (in the short-term); on the other, their actions should provide long-term sustainability of organizational performance [11].

## 3. Research Method

This research used qualitative and quantitative data type which was sourced from primary and secondary data. Primary data source obtained directly through distributing questionnaires to 22 employees who has been selected as research samples and the result of interview with the Human Resources Department manager related to the function of human resources in Vouk Hotel & Suites Bali. Meanwhile, secondary data obtained from other parties through documentations in the form of a regulation book, standard operating procedure (SOP) for human resources functions, percentage absenteeism data, and employee service income in 2019 at Vouk Hotel & Suites Bali.

The technique in analyzing data was descriptive qualitative technique. Descriptive qualitative technique carried out by analyzing certain conditions and situation in various collected data, such as observation, questionnaire, interview, and documentation about the analyzed problems through four steps of data analysis in management audit, namely preliminary audit, review and management control testing, follow-up audit, and recommendation.

## 4. Result and Discussion

### 4.1 Preliminary Audit

Preliminary Audit is conducted in order to carry out a further audit activity. Preliminary Audit is conducted to gain information about activities and conditions of human resources in Vouk Hotel & Suites. That information is gained through interview method and distribution of questionnaire to Human Resources Department (HRD) and several employees who have been selected as research samples.

#### a. HR Planning

Based on the result of distributing questionnaires that have been conducted to 22 samples of employee, there are 4 people or 18% of employees who know the HR planning function, 17 people or 77% of employees stated that Vouk Hotel & Suites does not have a clearly documented HR planning function, and 1 person or 5% of employees do not know the HR planning function. 7 people or 32% employees



clearly know the HR planning function, 13 people or 59% of employees stated that Vouk Hotel & Suites do not have a clear qualification regarding HR planning, and 2 people or 9% of employees stated that they do not know about the qualification for HR planning.

**b. HR Recruitment**

According to the conducted research, the following is the result of distributing questionnaire to the employees who have been selected as samples and interview with the Human Resources Department. For the questionnaire that has been distributed to 22 employees, there are 17 people or 77% of employees have firmly and clearly obtained information regarding recruitment requirements and 5 people or 23% of employees do not get a clear and firm information about recruitment requirements, then 19 people or 86% of employees are accepted in Vouk Hotel & Suites through a strict selection process and 3 people or 14% of employees are accepted through a non-strict selection process, 15 people or 68% of employees have known the stages of selection carried out to all co-workers and 7 people or 32% of employees do not know the stages of selection of the co-workers.

**c. HR Placement**

Based on the result of distributing questionnaires that have been conducted to 22 samples of employees, all employees stated that they have been placed in the desired position.

**d. HR Training and Development**

Based on the result of distributing questionnaires that have been conducted to 22 samples of employees, 11 people or 50% of employees know that Vouk Hotel & Suites has training and development programs, and 11 people or 50% of employees do not know that the company has training and development programs. Furthermore, 10 people or 45% of employees stated that the company provided training to complete the work given and 12 people or 56% of employees stated that the company do not provide training to complete the work. 6 people or 27% of employees stated that the company arranged schedule for the implementation of the training and as many as 16 people or 73% of employees stated that the company do not arrange schedule for the training. Moreover, 15 people or 68% of employees stated that the company has provided useful training, 6 people or 27% of employees stated that the company do not provide useful training, and for 1 person or 5% of employees stated that they do not know about the provided training.

**e. Employee Performance Appraisal**

According to the result of distributing questionnaires that have been conducted to 22 samples of employees, 14 people or 64% of employees already know how the company carries out performance appraisal and as many as 8 people or 36% of employees do not know how the company carries out performance appraisal. Furthermore, 9 people or 41% of employees stated that the company reported the result of the performance appraisal, and as many as 13 people or 59% of employees stated that they do not know the result of the performance appraisal. 8 people or 36% of employees stated that the company asked for a response to the result of the performance appraisal report and 14 people or 64% of employees stated that the company do not ask any response to the result of the performances appraisal report.

**d. Compensation**

According to the result of distributing questionnaires that have been conducted to 22 samples of employees, 5 people or 23% of employees said that they are satisfied with the compensation provided and 17 people or 77% of employees said that they are not satisfied with the compensation. Furthermore, as many as 4 people or 18% of employees stated that the company gives a bonus if the work target is achieved and 18 people or 82% of employees stated that they do not get a bonus. 22 people or 100% of employees stated that the company has provided health benefits, religious holiday allowances (RHA), and a leave.

f. Termination of Employment

Based on the result of distributing questionnaires that have been conducted to 22 samples of employees, 21 people or 95% of employees already know the layoff rules that have been set by the company and 1 person or 5% of employees does not know the layoff rules set by the company.

#### 4.2 Review and Management Control Testing

Review and management control testing is conducted by reviewing again the evidences from the questionnaire and interview obtained in the preliminary audit to become audit findings. This reviewing is conducted by examining Standard Operating Procedure (SOP) of Vouk Hotel & Suites and Regulation Book of Vouk Hotel & Suites Bali in Chapter II and III which regulates Labour Policy, as well as conducting structured interview with Human Resources Department based on the result of the questionnaire distribution. This management control system review is conducted in order to understand better about the condition occur, thus, being able to decide the provisional audit objectives set in the preliminary audit to be upgraded to the actual audit objectives, or being ignored since the opposite happened. Moreover, the result of the review can also be used to decide whether the audit decisions can be continued or not considering the availability of the data needed and the freedom to conduct and audit.

- a. Vouk Hotels & Suites do not have SOP and specific regulations that rules human resources planning, because the fulfillment of human resources need is only based on the requests from the department head who need employees, so based on the results of management control reviews, these findings will be continued to analyze at the follow-up audit stage.
- b. Vouk Hotel & Suites has an SOP regarding employee recruitment and has been regulated in the Vouk Hotel & Suites Regulation Book CHAPTER II Article 6 regarding Employee Admission. Based on the results of the management control review, the human resources recruitment program will not proceed to the follow-up audit stage since audit findings are not found and the recruitment program has been running in accordance with the applied SOP and regulations.
- c. The process of placing employees at Vouk Hotel & Suites is done based on the results of the selection at the recruitment stage and the positions proposed by prospective employees. According to the results of the management control review, the employee placement program will not proceed to the next audit stage, because no audit findings are found and the employee placement program has been running in accordance with the applied SOP and regulations.
- d. Employee training and development programs have been regulated in the Vouk Hotel & Suites Regulation Book Chapter II Article 14, which states that the company has two training programs, namely basic training and skills training, however the company does not have an SOP that regulates training and development programs, and the implementation of training programs does not have a structured schedule. Therefore, based on the results of the management control review, the audit findings will be continued to analyze at the follow-up audit stage.
- e. The human resources performance appraisal program at Vouk Hotel & Suites has an SOP and has been regulated in the Vouk Hotel & Suites Bali Regulation Book in CHAPTER II Article 6 section 4. Employee performance appraisals are carried out by each department head and the results of the assessment will be submitted to the Human Resources Department to request authorization from the manager. The results of the performance appraisal are not announced to the employees, so that they do not know the results of their performance at the company. Based on the results of the management control review, the audit findings will be continued to analyze at the follow-up audit stage.
- f. The compensation program at Vouk Hotel & Suites already has an SOP and has been regulated in the Vouk Hotel & Suites Regulation Book CHAPTER III Article 16 regarding Benefits and Compensation. However, based on the results of the questionnaire in the preliminary audit, 17 employees were dissatisfied with the compensation given, so that this audit finding will be continued to analyze at the follow-up audit stage.



- g. The termination program at Vouk Hotel & Suites already has an SOP and has been regulated in the Vouk Hotel & Suites Regulation Book CHAPTER II Article 12 concerning Termination of Employment. Based on the results of the management control review, the employee placement program will not proceed to the follow-up audit stage, because no audit findings are found and the employee placement program has been running in accordance with the applied SOP and regulations.

### 4.3 Follow-up Audit

The follow-up audit is a continuation of the review management control testing. In this follow-up audit, audit findings and sufficient evidences are collected and analyzed to understand the problems that occur through grouping conditions, criteria, causes, and consequences, so that in the end an audit conclusion is obtained and then recommendations on the found weaknesses are made.

#### a. HR Planning

##### 1) Condition

The company does not have a clearly documented HR plan. Fulfilling the needs of HR is only based on the request of the department head. There are still several departments that require employees.

##### 2) Criteria

Regulation No. 13 of 2003 concerning Manpower Chapter IV articles 7 and 8 which regulate Manpower Planning and Manpower Information.

##### 3) Causes

Based on the analysis of conditions and criteria, human resources planning at Vouk Hotel & Suites is only based on the needs of the department head. It is because the company does not have criteria or specific standards that rules HR planning, so that HR planning is only based on current needs.

##### 4) Consequences

Vouk Hotel & Suites does not have criteria or specific standards governing HR planning, it results in the company being unable to predict the capacity needs of employees. Quantitatively, the fulfillment of human resources needs cannot be fulfilled appropriately and in the right time, so that there are many vacant in positions due to the absence of a clear HR planning. Lack of human resources at certain times, such as event activities that held by the company, results in HR within the company have to work overtime. Furthermore, it has an impact on the dissatisfaction of the employees and their lack of motivation in completing work, so that the results of the work are not maximal. This dissatisfaction has led to the absent of employees as can be seen from the high absenteeism in Table 1 of 23%. Based on the results of unstructured interviews with the HRD department, the high absence of employees in Table 1 is caused by several reasons, namely illness, religious ceremonial leave, leave for death, duty outside the region, and no reason or neglecting work. In practice, employee absenteeism occurs due to the absence of the Company Regulation Article 12 which regulates Termination of Employment in section 2. It can be seen from the increasing number of absenteeism to the highest peak in December of 42.53%.

#### b. Employee Training and Development

##### 1) Condition

Vouk Hotel & Suites has two training programs, namely basic training and skills training. The employee training and development program does not have structured schedule. There are still many employees do not know about the employee training and development program.

##### 2) Criteria

Regulation No. 13 of 2003 concerning Manpower Chapter V Articles 9 and 10 which regulate Training and Vouk Hotel & Suites Regulation Book Chapter II Articles 14 about Training and Development.

##### 3) Causes



Based on the analysis of conditions and criteria, Vouk Hotel & Suites Bali does not have an SOP that regulates about employee training and development. In addition, the employee training schedule in Vouk Hotel & Suites is only made based on the needs of the department, so the training program is carried out in an unstructured manner. The training and development program for Vouk Hotel & Suites employees is not well documented and socialized, so there are still many employees who do not know about employee training and development program.

4) Consequences

Vouk Hotel & Suites Bali does not have an SOP that regulates about employee training and development, which makes it difficult for the management to control and workflow regarding training and development. The absence of SOPs regulating employee training and development programs has also resulted in the absence of employee guidance for the implementation of training and development programs. Training program which is conducted unstructured and only based on the needs of the department has resulted in the uneven development of employee skills.

c. HR Performance Appraisal

1) Condition

Vouk Hotel & Suites has an employee performance appraisal program. Vouk Hotel & Suites does not give the performance appraisal report to the employees.

2) Criteria

Vouk Hotel & Suites Bali Standard Operating Procedure Employee Career & Development and Vouk Hotel & Suites Bali Regulation Book CHAPTER II Article 6 Section 4 regarding Job Performance Assessment.

3) Causes

Based on the analysis of conditions and criteria, Vouk Hotel & Suites does not have a specific procedure that regulates the distribution of employee performance appraisal.

4) Consequences

Vouk Hotel & Suites does not deliver the result of performance appraisal to the employees, nor spoken or written, so that the employees unable to conduct self-evaluation to improve their performances and work quality in the future situation, as well as the self-employed workers feel uneasy with the continuation of their contract.

d. Compensation

1) Condition

The compensation in Vouk Hotel & Suites has been conducted in accordance with the procedures. The amount of the minimum wage is given based on the UMK determined by the government. Employees are not satisfied with the given compensation.

2) Criteria

Regulation No. 13 of 2013 concerning Manpower, Chapter X Article 88 which regulates Wages, Vouk Hotel & Suites Bali Regulation Book Chapter 3 Article 16 which regulates about Wage System, and the Standard Operating Procedure for the Payroll System at Vouk Hotel & Suites Bali.

3) Causes

Based on the analysis of conditions and criteria, the employees in Vouk Hotel & Suites Bali are not satisfied with the compensation compared to the workload given, it is because the employees do not get overtime wages if they have to work beyond working time, and the amount of service charge they receive is small due to the decreasing of company income, as well as there is no bonus given if employees have achieved their target work.

4) Consequences

Providing compensation in which the value is not in accordance with the calculated expectation of the employees will result in the decreasing of employee motivation and morale in providing maximum performance for the company. Decreased employee motivation can result in laziness to work, lose interest in self-development, and not carry out their duties fully.

#### 4.4 Recommendation

Based on the result of human resources management audit in Vouk Hotel & Suites Bali, below are some recommendations that can be given to improve the performance of human resources in Vouk Hotel & Suites Bali, those are:

- a. Vouk Hotel & Suites Bali should make a human resources plan which is clearly documented, standard, and has a clear criteria regarding the quality and quantity of human resources in each department.
- b. Vouk Hotel & Suites Bali should make an employee training and development SOPs based on the determined criteria, so that the employee training and development programs can run effectively. Furthermore, the employee development training program should be scheduled and disseminated with a better plan so that all departments carry out a structured training and development program.
- c. Vouk Hotel & Suites Bali should convey the results of the employee performance appraisal, in spoken or written, so that all employees can know the result of the evaluation for themselves.
- d. Vouk Hotel & Suites Bali should provide employee overtime wages if there are employees who work more than their work time, so that the employees become more motivated to work hardly.

#### 5. Conclusion

Based on the result and previous discussion, it can be concluded that the Management Audit process for Human Resources in Vouk Hotel & Suites Bali includes preliminary audit, reviewing management control testing, follow-up audit, and recommendation. Audit of human resources management in Vouk Hotel & Suites obtained the following results:

- a. Vouk Hotel & Suites does not have criteria or specific standard governing HR planning, it results in the needs of the employee, quantitatively, cannot be predicted in a right time, so that there are many vacant in positions.
- b. The employee training and development program in Vouk Hotel & Suites is not going well. It is caused by the absence of the procedures that governs the employee training and development, and training program is carried out in an unstructured way which is only based on the needs of each department.
- c. Vouk Hotel & Suites does not convey the result of performance appraisal to the employees, nor spoken or written. It results in the employees cannot conduct a self-evaluation.
- d. The employees in Vouk Hotel & Suites Bali are not satisfied with the compensation, it is because the amount of service charge they receive is small due to the decreasing of company income, the employees do not get overtime wages if they have to work beyond working time, and there is no bonus given if employees have achieved their target work.

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