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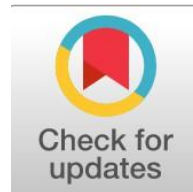
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## Hotel Accounting Systems for Reducing Errors and Financial Corruption

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### Abstract

**General Background:** Hotel operations require reliable accounting systems to manage financial activities and maintain organizational control. **Specific Background:** Accounting errors and financial corruption remain challenges in hotel management despite the use of accounting systems. **Knowledge Gap:** Empirical evidence on the role of hotel accounting dimensions in reducing these problems remains limited. **Aims:** This study investigates the contribution of hotel accounting systems to reducing errors and financial corruption in Al-Mansour International Hotel and Baghdad Hotel. **Results:** Findings from 75 employees show a strong positive relationship between hotel accounting systems and the reduction of errors and financial corruption ( $r = 0.782$ ), with hotel accounting explaining 53.4% of the variance ( $R^2 = 0.534$ ). Strategic management was identified as the most significant dimension. **Novelty:** The study evaluates financial supervision, cost and pricing controls, and strategic management within a unified hotel accounting framework. **Implications:** Strengthening hotel accounting systems can support transparency, governance, and the prevention of financial irregularities in hotel organizations.

#### Highlights:

- Strong positive correlation was identified between hotel accounting systems and lower levels of errors and financial corruption.
- Hotel accounting accounted for 53.4% of the variation associated with financial and administrative corruption.
- Strategic management emerged as the leading dimension in supporting corruption reduction initiatives.

**Keywords:** Hotel Accounting Systems, Financial Corruption, Accounting Errors, Strategic Management, Internal Control Systems

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## Introduction

The hotel sector is one of the main pillars supporting the national economy in contemporary countries, due to its vital role in stimulating tourism, attracting investments, and providing continuous flow channels for foreign and local currencies. Major hotel establishments, especially those classified in the Premium Class and five-star categories such as Al-Mansour International Hotel and Baghdad Hotel, are characterized by a unique and highly complex operational nature, where financial transactions and cash transactions flow around the clock without interruption, and they have multiple points of sale, revenue and cost centers (such as reception, rooms and suites, restaurants, conference rooms, entertainment services, and banking). This digital momentum and huge operational overlap impose on hotel management regulatory and accounting obligations that exceed those of traditional commercial or industrial companies, making an efficient and integrated hotel accounting system an indispensable necessity to ensure survival and sustainability in a highly competitive and high-risk market.

In light of these data, the importance of "Hotel Accounting Systems" has emerged as a specialized field that has software and control tools and procedures that are specifically designed to keep pace with this dynamic environment, such as the "Night Audit and Digital Billing Data Tracking" system. The function of modern hotel accounting is no longer limited to recording traditional book entries and preparing final accounts and income statements periodically, but has also evolved into a proactive control system and a first line of defense aimed at controlling financial performance, protecting large hotel assets, and ensuring the accuracy of data addressed to owners, investors and senior management. An effective hotel accounting system is the key driver that enables management to enforce real-time cash tracking, control the cost of food and beverages, and direct capital budgets for continuous upgrades of suites and facilities, ensuring that any technical or human gaps that may be exploited to pass on irregularities are closed.

However, the applied reality indicates that hotel entities, despite the development of their systems, are not isolated from facing serious regulatory challenges represented by the occurrence of "accounting errors" that may take on an unintentional technical character, such as omissions and arithmetic errors as a result of work pressure, or the growth of planned and deliberate "financial and administrative corruption" phenomena that erode the body of the economic efficiency of hotels. Financial corruption in the hotel environment takes multiple and sophisticated patterns, such as misappropriation of liquidity before it is proven in a book, manipulation of flexible pricing mechanisms for rooms, inflating equipment and supplier bills, or writing off the accounts of guests and forward-looking companies and turning them into bad debts in collusion with third parties. There is an urgent need to assess the effectiveness of the accounting systems already in place at major hotels in the capital, Baghdad, and to know their own ability to detect these deviations and to intelligently distinguish between spontaneous human error and systematic financial manipulation.

Based on the above, this research comes as an investigative evaluation field study that seeks to probe the depths of the financial systems adopted at Al-Mansour International and Baghdad Hotels, and examine the efficiency of the dimensions of hotel accounting (financial and control, costs and pricing, strategic management) in reducing the manifestations of corruption and errors. Highlighting this component gives senior management and shareholders a clear scientific insight into the efficiency of internal controls, and contributes to the formulation of a safe regulatory environment that supports the principles of governance and transparency, and provides clear channels for reporting suspicions, in order to protect the investment reputation and long-standing position of these two prominent hotel edifices in Iraq.

## Chapter One

### Study Methodology

#### 1-1 Study Problem and Questions

Although the two hotels (Al-Mansour International and Baghdad) have a long history, infrastructure, and digital accounting systems, the nature of complex cash transactions, multiple points of sale, and the reliance on flexible pricing and co-operation contracts open the door to the possibility of regulatory gaps. The problem is the increasing risk of accounting errors, the growing indications that may indicate attempts to exploit software powers to modify or cancel guest bills, or manipulate food and beverage cost ratios and justify the deficit as "natural damage", in addition to the ambiguity of indirect cost allocation criteria and inadequate follow-up of future debts of companies and institutions.

Traditional regulatory systems may be unable to keep pace with and immediately distinguish between spontaneous technical error and systematic financial corruption, which exposes the hotels to waste and wastes and negatively affects the net profits distributed. Accordingly, the research problem can be formulated through the following direct main question:

Hence, the problem of the study emerges through the following main question: **What is the impact of hotel accounting systems in reducing errors and financial corruption in Al-Mansour International Hotel and Baghdad Hotel?** The following sub-questions emerge from the main question:

1. What is the concept of hotel accounting?
2. What is the concept of accounting errors?

3. What is the concept of financial corruption?
4. What is the reality of hotel accounting in the place of study?
5. What is the reality of mistakes and financial corruption in the subject of the study?
6. Is there a role for hotel accounting in reducing errors and financial corruption in the subject of study?

## 1.2 Importance of the study

The scientific importance of this research lies in its serious attempt to bridge the knowledge gap in the academic library through the direct link between specialized hotel accounting systems and their ability to detect errors and encircle financial corruption, as it provides a theoretical framework that shows how these systems in their dimensions (financial, cost, and strategic) transform from mere tools for recording data to a smart line of defense that possesses proactive indicators to detect fraud and deviations in the hospitality and luxury services environment.

The practical and practical importance of the study is reflected in the status of the two hotels (Al-Mansour International and Baghdad) as two of the most prominent five-star edifices in the capital, Baghdad, which witness huge cash flows and complex operations around the clock. This impact is reflected in providing senior management and decision-makers with an applied statistical model that accurately identifies the strengths and weaknesses of their financial systems, and provides concrete procedural solutions for account officers and night auditors to control authority and close regulatory gaps, ensuring that the principles of governance, transparency and the long-standing investment reputation of both hotels are consolidated.

## 1.3 Objectives of the study

The study aims to achieve the following:

1. Hotel Accounting Statement.
2. Explaining the concept of financial and administrative corruption.
3. Identify the reality of hotel accounting in the area of study.
4. Identify the reality of mistakes and financial corruption in the subject of study.
5. Demonstrating the Impact of Hotel Accounting on Reducing Errors and Financial Corruption in the Study Area.

## 1.4 Study Hypotheses

**The first main hypothesis:** There is a significant correlation at the level of significant significance ( $0.05 \geq \alpha$ ) between the variable of hotel accounting and the variable of errors and financial corruption.

**The second main hypothesis:** There is a statistically significant effect at the level of significant ( $0.05 \geq \alpha$ ) of hotel accounting in reducing errors and financial corruption, and it is derived from the following:

**-The first sub-hypothesis:** There is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) of the financial and supervisory dimension in reducing errors and financial corruption.

**-The second sub-hypothesis:** There is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) for the dimension of costs and pricing in reducing errors and financial corruption.

**-The third sub-hypothesis:** There is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) of the strategic management dimension in reducing errors and financial corruption.

## 1.5 Study Methodology

In order to achieve the specific objectives of the study, the researcher adopted a descriptive-analytical approach, where she based her theoretical rooting on reviewing the literature and previous studies related to the research variables, including university theses, theses, peer-reviewed scientific journals, literature, books, and approved websites. In the field and applied aspects, a questionnaire form was designed as the main tool for collecting data from the sample members, and then processing and analyzing it statistically through a software package (SPSS), and employing a variety of statistical methods to test the hypotheses of the study and reach the final results."

## 1.6 Limitations of the study

**1. Objective limits:** Represented by the independent variable (hotel accounting) and the dependent variable (errors and financial corruption).

**2. Spatial Limitations:** The study will be limited to the Republic of Iraq / Baghdad Governorate, specifically in the Mansour International Hotel and the Baghdad Hotel.

## Chapter Two

### Theoretical Framework

#### 2.1 What is Hotel Accounting

##### 2.1.1 The concept of hotel accounting

Before defining hotel accounting, we refer to the definition of accounting, which is "a science that includes a set of principles, foundations and rules that are used in analyzing financial operations when they occur, recording them from facts and documents supporting them, then classifying and summarizing these operations so that the economic unit can determine its revenues and the cost of obtaining these revenues, and then extract the result of its business from profit or loss in a certain financial period, and indicate its financial position at the end of this period" (Hawam, 2002: 9).

Hotel financial accounting is defined as: "the various procedures, documents, and documents directed to keep pace with the organization's activity over the duration of the financial cycle, measure the impact of this on the financial components of the institution, and determine the outcome of the course during a year of activity (profit or loss)" (Layashi, 2018: 28).

Analytical hotel accounting, which is a branch of accounting, "collects and processes financial information to arrive at the cost of goods and services collectively or unitarily. Thus, it is an effective management tool by providing various data to the management that it relies on to supervise the refutation of tasks and take the necessary actions to keep pace with the organization's activity. It is used in planning, internal control, and financial reporting for management or external parties" (Layashi, 2018: 29).

Cost accounting when used in hotel establishments aims to achieve many goals and functions and can be grouped into three main groups as follows (Mahmoud, 2019: 276):

**1-Determining the cost of hotel activity:** This is by determining the cost of the different departments and determining the cost of the activities, operations, and services performed by the hotel establishments.

**2-Control and control of cost elements:** This is done by comparing the actual results of the cost of the hotel activity with the planned figures.

**3-Rationalization of administrative decisions:** By providing the necessary data and information needed by the management of hotel establishments with functions (Issa & Halimi, 2022: 8):

- Planning the sources and use of funds and planning the profitability of hotel establishments.
- Performance evaluation to identify the profitability of various hotel activities.
- Making decisions in evaluating the performance of the hotel activity.

##### 2.1.2 Components of the Accounting System in Hotel Establishments

###### 1- Stages of Accounting Work in Hotel Establishments

Accounting work in hotel establishments goes through the following stages (Yaqour and Safih, 2017: 14):

- Supporting documents for various economic activities and financial transactions are gathered at the hotel.
- Record financial transactions in the general journal and auxiliary journals.
- Post, categorize, and tab financial operations in general ledger and auxiliary ledgers.
- Summarize in the Trial Balance.
- Making inventory adjustments at the end of the fiscal year.
- Preparing the income and expenses of the productive departments of the hotel.
- Prepare the final accounts of the hotel, which includes the hotel's general income statement and balance sheet.

###### 2- Scientific Pillars of the Accounting System in Hotel Establishments

The accounting system in hotel establishments is based on the following principles and elements (Issa & Halimi, 2022:

20-21):

- A system with inputs represented in quantitative data, which includes financial data measured in money and non-financial data measured in other units of measurement such as kilos, tons, and others.
- The accounting system processes the inputs by recording, tabulating, and summarizing them to arrive at the system's outputs represented in the quantitative information related to the hotel.
- It is based on a set of accounting principles and concepts that clarify the procedures by which the vocabulary of a hotel's financial statements is processed.
- The system records and records financial transactions in books and accounting records.
- Having an integrated set of financial, accounting and statistical books and records.
- Communicate the outputs of the accounting system, which is quantitative information, to the parties who need the information to help make decisions.

### 2.1.3 Objectives of the Accounting System in Hotel Establishments

There is no doubt that the accounting system is not an end in itself, but a means of achieving a set of objectives by providing information for the following purposes:

1- Assisting management at all levels to perform the following functions (Hamdan, 2014: 21):

- Carrying out its planning, supervisory and supervisory functions.
- The ability to analyze and count the revenues and expenses of each department and each of the revenue-generating sections, by allocating records for each section of the hotel in which its revenues and expenses are recorded, in addition to total general records that include the activity of the hotel as a whole. This means evaluating the performance of each department or activity separately in order to improve the overall performance of the hotel.
- Proof of the various services in the guests' accounts as quickly as possible, so that the guest's invoice is prepared immediately upon requesting it upon leaving the hotel, as not preparing it in the required time may result in the customer's dissatisfaction when the service, on the one hand, and the hotel may sometimes lose due to the slowdown in proving the service.
- Implementing internal control measures to protect assets and raise operational efficiency in hotel operations, in addition to what the tight internal control achieves in preventing wastefulness and reducing theft, fraud and errors and making them easy to detect.

2- Assist the management as an internal user and external users such as project owners, investors, government, banks, suppliers, customers, and employees in identifying the result of the hotel's business in terms of profit or loss in different financial periods, as well as its financial position at the end of these periods (Mohammed, 2009: 64-65).

### 2.1.4 Hotel Accounting System

Due to the nature of the hotel activity and its characteristics, some considerations must be taken into account when designing the accounting system in hotels such as flexibility, suitability, and others, the hotel accounting system must be compatible and compatible with the nature and characteristics of the hotel activity and be able to provide all information and data to the hotel management to make the right decisions, and since the nature of the hotel activity includes a main activity, which is renting rooms, in addition to other activities such as providing meals, drinks, and other activities, so the accounting system must be designed to The basis of accounting for departmental establishments, which means dividing the hotel into several sections, so that each of the sections is considered as an independent legal entity, so a result account (a statement of revenue and expenses) is prepared for each of the hotel sections separately (rooms department, food and beverage department, telephone department, etc.) All the productive departments in the hotel, and the general budget of the hotel does not differ in its form and classification from the budget of any other establishment, except that the hotel activity is characterized by a high percentage of capital invested in fixed assets and a decrease in the percentage of inventory (Quraira and Amamera, 2018: 259).

#### 1- Hotel Accounting Books & Records

The various sections of the hotel maintain a number of administrative and accounting records, the most important of which are:

**-Reservation History:** This record shows information on the number of rooms booked and empty, the duration of the reservation, and the names and numbers of clients (Humaidan, 2005: 320).

**-Arrival and Departure Record:** This record is considered as a means of controlling the revenue of the rooms, as it is

divided into two sections, the first for arrival and the second for departure, and each of the two sections contains fields that indicate the numbers of rooms and suites, the names and number of guests, and the specified rent, and from this record, it is possible to extract the daily income of the hotel, the number of rooms rented, the number of empty rooms, and the number of guests in the hotel (Abdul-Sayed, 2012: 115).

**-Guests' Daily Ledger:** This book is considered one of the most important hotel accounting books, as it shows the movement of the guests' financial transactions and the balances due to them, and is recorded in this book based on the documents. The debit side shows all the expenses and services provided to the guest, while the credit side shows the amounts paid by the guest. The transactions in this book are recorded in three stages, namely (Matar, 2008): 244):

- Proof of transactions for guests staying at the hotel for the day on which the statement is prepared.
- Proof of transactions for guests who have left the hotel and have not yet paid their account on this day, called personal receivables.
- Actively analyze the operations of the departments that have served guests.

**-Daily Operations Summary Book:** This book shows the operations at the level of activities and services provided to the inmates on a daily basis, where the data is posted from the reality of the daily operations recorded in the inmate's ledger by taking the horizontal totals of them at the end of each day. A summary book is monitored for the guests. The total is recorded in the general journal and then posted to the relevant accounts in the auxiliary ledger and from there to the general ledger (Matar, 2008: 245).

**-General journal:** This journal is used to record transactions that do not have its own diary, such as opening, closing, reconciliation, and posting from one ledger to another, and this book is no different in its organization from the books used in other commercial and industrial establishments (Humaidan, 2005: 321).

**-Purchase journal:** In which the transactions related to the purchase are proven from the basis of purchase orders and daily purchase statements (Matar, 2008: 247).

**-General Fund Book:** In which all the amounts received and collected in cash are recorded for the hotel's account, and all expenses and expenses paid in cash from the hotel fund are recorded in it, and if there are many and multiple operations, two books can be kept, the first for cash receipts and the second for cash payments (Matar, 2008: 247).

**-Petty Cash Fund Journal:** Through this fund, small petty cash expenses are paid using the permanent advance system, where an advance or a certain amount is given to one of the officials at the hotel to disburse it and compensate for the value of the bills spent periodically and continuously, and the advance is proved by making the petty cash fund account indebted to the general fund's account (Matar, 2008: 247).

**-Debtors' Ledger:** A page is assigned to each inmate in the book, where the balances of the inmates' personal accounts that have not been paid are transferred to him (Abdul-Sayed, 2012: 115).

**-Assistant creditors' ledger:** A page is assigned to each supplier in the assistant creditors' ledger separately, as the posting to these accounts is carried out by the evidence in the procurement journal and the general ledger of supplier-related operations (Abdul-Sayed, 2012: 116).

**-General ledger:** It contains all the real and nominal accounts, as after proving the various hotel operations in the previous ledger and posting them to the different ledgers, the next step is to prepare the preliminary trial balance to prepare the final accounts and financial statements of the hotel (Humaidan, 2005: 324).

## 2- Preparation of Hotel Financial Statements

These lists will address the following:

**-Income Statement for the Room Utilization Section:** This section is one of the most important productive divisions of the hotel, and its revenues are represented in the sales of rooms minus the discounts granted to the guests, as well as the revenue of public lounges that are not intended for the sale of food and beverages and are used for other purposes such as the exhibition and conference hall. etc., as for the expenses, the salaries and wages of the employees in the department and other expenses such as linens, inmates' supplies, cleaning tasks, etc. etc. (Matar, 2008: 248).

**-Income Statement for the Restaurant & Beverage Section:** Revenue from the sale of food and beverages minus discounts or allowances granted. This revenue does not include the value of sales of meals to hotel employees, as it is deducted from the cost of food and beverages consumed and charged to the different sections of the hotel. Also, the value of sales from the remaining items of the cooking process, such as bones and fats, is not included in the sales of food and beverages, if it must be deducted from the cost of the food consumed and in the case that the room rent includes the provision of meals to the guests Revenue must be distributed between the rooms section and the restaurant and beverage section. The revenue of this section also includes the rent of lounges and access to bars and nightclubs, while the expenses include the cost of consumed foods minus the sale of leftover items from the cooking process, and the cost of sales of meals for hotel employees as mentioned earlier. The expenses of this section also include wages, salaries, social insurance,

clothing, diets, hygiene obligations, washing, ironing, linens, stationery, the costs of bands, entertainment programs, and the printing of menus, drinks, and decorations (Quraira and Amamreh, 2018: 264).

**-Income Statement for the Telephone and Fax Department:** The revenues of this section constitute the value of the outbound and local calls of the guests, in addition to the hotel's commission for these services, minus the allowances, permits, or discounts granted to the guests, and the calls of the hotel management of its various sections do not represent part of these revenues. As for the expenses of this section, the cost of telephone bills, wages, salaries, clothes, and meals for the employees of the department, provided that the cost of the management calls and the various sections of the hotel are deducted from it. Administrative and General Expenses of the Hotel (Matar, 2008: 255).

**-Income Statement for Other Production Departments:** In addition to the mentioned sections, the hotel includes other productive activities such as swimming pool, cabins, barber and beauty salons, gift shops, cigarettes, cellphones, newspapers... A single segmented income statement can be prepared for these sections, depending on the size of the hotel's activity and the relative importance of the aspects of the activities that determine the level of detail required, and the income statement for these sections includes the total revenue after deducting the permits in addition to direct and indirect expenses (Quraira & Amamera, 2018: 267).

**-Comprehensive Income Statement and Balance Sheet of the Hotel:** At the end of the financial year, the final accounts of the hotel are prepared, after making inventory adjustments, the income is prepared for the hotel, and the following shows the net sales and their cost, direct and indirect expenses, net profit or loss for each section, as well as other revenues of the hotel, and then they arise from sources other than the productive departments, such as the income of the hotel's shops that are leased to others, thus reaching the total profit or loss of the hotel, and then the general expenses of the hotel are deducted such as maintenance and depreciation expenses. And lighting..... To reach the hotel's net profit or loss, after deducting the income tax amount, the following is a sample of the hotel's income statement (Matar, 2008: 264).

## 2.2 What are accounting errors?

### 2.2.1 The Concept of Accounting Errors

Before identifying accounting errors and their locations, we will discuss the definition of accounting error.

A mistake is defined as "an inadvertent misrepresentation or omission of certain amounts or information in the financial statements, which is often committed as a result of the knowledge of the accounting clerks of the accepted accounting principles and the proper accounting classification. It is also committed as a result of negligence and negligence during the conduct of accounting procedures" (Youssef, 2013: 12).

Accounting errors are defined according to the International Standards on Auditing as "unintentional misrepresentations in financial statements, including omission of an amount, error in data collection or processing, incorrect accounting submission resulting from omission, misinterpretation of facts or error in application of accounting principles related to measurement, recognition, classification, presentation or disclosure" (Abdelmalek & Kandali, 2017: 22).

### 2.2.2 Types of Accounting Errors

The accounting errors that the auditor faces when examining the books and records are divided into several types if we look at them from different angles, including (Noor Al-Huda, 2020: 6-7):

**1-Omissions and omissions:** These are errors that arise intentionally or unintentionally, and they result from not entering a whole or one of the parties in the journal, or not posting it to the ledger in whole or in part, or deleting the entire process, in which case this omission does not affect the balance of the trial balance or the ledger, due to the deletion of the debtor and creditor parties. Partial omissions or omissions can be easily detected because it leads to an imbalance in the trial balance, which It makes it easy to spot the error.

**2-Errors committed:** It results from errors in calculations (addition and subtraction...), or in the migration and credit, and it may be wholly i.e. at both ends of the process, and it may be partial, i.e. on one side. Total error is detected through documentary review, comparisons and verifications.

**3-Technical errors:** These are the measurement of financial operations and recording them in books and records in a manner that is not consistent with the recognized accounting principles and principles, or not taking into account these assets and principles, as they affect the statements of the business result related to the profits or losses of the project and its financial position.

**4-Equivalent errors:** It means errors that are equal to each other so that a mistake erases the effect of another error in the books, and parity of errors prevents their impact on the balance of the audit balance, thus increasing the difficulty of detecting them by the auditor (Shireen, 2012: 17-18).

**5-Clerical errors:** They are the result of carryover, either for the same amount and in the same entity but for another account, and this type does not affect the trial balance, or the same amount is carried over to the same account but on the wrong side, and this type affects the trial balance (Orab, 2018: 486).

## 2.3 What is financial corruption?

### 2.3.1 The Concept of Financial Corruption

The phenomenon of administrative and financial corruption is one of the serious phenomena facing countries, especially developing countries, as they have begun to gnaw at the body of their societies, starting with security and the subsequent paralysis in the process of construction and economic development, which involves the destruction of the economy and financial and administrative capacity, and consequently the inability of the state to face the challenges of reconstruction or reconstruction and building the necessary infrastructures for its growth.

**1-The Encyclopedia of Social Sciences Concept :** The Encyclopedia of Social Sciences states that "corruption is the misuse of public power for private profits" and therefore the concept was comprehensive of bribes by local, national, or political officials, excluding bribes from the private sector.

As stated in the Encyclopedia of Social Sciences, "Corruption is a departure from the law and public order and non-compliance with them in order to achieve the political, economic, and social interests of an individual or a particular group" (Al-Aqili, 2015: 45).

**2-Transparency International Concept:** The concept of Transparency International has been described as "the abuse of public power for private gain" (Abboud, 2010: 64).

**3-IMF Concept:** The IMF states that it is "an approved long-handed relationship that aims to derive benefits from this behavior of a single person or a group of individuals in a relationship" (Ali and Khader, 2014: 76).

We can deduce a definition of corruption as deviation from the correct ethical rules, the absence or absence of controls that must govern behavior, and the violation of the conditions set for work and thus the practice of everything that contradicts these and that, which is an illegal contractual relationship between two actors, namely corruption and corruption, whose act falls under the law, as the latter is any person who possesses power and uses it fraudulently, while a corrupt person is anyone who possesses a material means to buy that power, or rather to buy it A particular decision may be made by that authority.

After we have gone through the most important concepts of financial and administrative corruption, we must draw the most important features of this epidemic that is spreading like wildfire in the administrative, social and professional society.

### 2.3.2 Forms of Financial Corruption

Financial corruption manifests itself in multiple forms that are common to a common factor, which is that it is the product of the illegal exploitation of public office, and the International Convention against Corruption of 2003 has referred to the following forms of financial and administrative corruption:

**1. Bribery:** It is a clear image of an employee who wants to exploit his job to obtain material benefits, and it is known to senior and junior employees and has been called by various names, including tips, assistance, or gifts, the purpose of this is to soften its form, but it is in essence a bribe for which the law is held accountable as a crime, and bribery may be paid by junior employees to their senior employees to cover up their illegal actions.

**2. Embezzlement of public funds:** It is a form of financial and administrative corruption crimes and has serious economic repercussions represented in the squandering of the funds and property of the community, and it is considered a form of dishonesty for the employee to whom public funds have been entrusted by virtue of assuming the public service (Younis, 2010: 48).

**3. Abuse of office:** Article 19 of the International Convention against Corruption stipulates that each State Party to the Convention must adopt the necessary legislative and other measures to criminalize an employee who deliberately abuses his position or position by taking or not taking an act for the purpose of obtaining an undue advantage for himself or for the benefit of another person or entity, which constitutes an affront to the laws (Matar, 2011: 32).

**4. Concealment of funds obtained from corruption crimes:** Concealment of funds obtained from financial and administrative corruption crimes constitutes a crime and corruption for which accountability is in itself, because the person who hid these funds with knowledge of its source has thus facilitated the perpetrator to benefit from these funds and obstruct the course of justice in revealing them.

**5. Laundering of funds obtained from corruption crimes:** Laundering or laundering of funds obtained from corruption crimes is a very dangerous form of corruption because it guarantees the perpetrator the continuity of benefiting from these funds without fear of legal accountability, because it will appear as legitimate funds.

**6. Fraud and Fraud:** It means committing fraudulent acts that deceive others by practicing an important job to exploit and blackmail others.

**7. Nepotism and nepotism:** This phenomenon is represented by the care of relatives and acquaintances and their preference in the field of appointment or conclusion of contracts, and this represents a dangerous type of corruption

because it means giving a right to those who do not deserve it (Al-Deiri and Ismail, 2012: 40).

## Chapter Three

### Methods and Procedures

This chapter aims to move the study from the theoretical and conceptual framework to the applied field environment to evaluate the effectiveness of hotel accounting systems (with their dimensions: financial and control, costs and pricing, strategic management) in detecting and reducing errors and financial corruption. This is done by presenting the study population and sample, testing the honesty and consistency of the measurement tool, and then conducting a descriptive statistical analysis of the variables and dimensions based on the responses of the research sample consisting of (75) employees In my hotel (Al-Mansour International and Baghdad). The chapter ends with the test of correlation and impact hypotheses through advanced statistical programs to know the extent to which hotel accounting contributes to controlling financial performance and reducing corruption within the study sample.

#### 3. 2 Study population and sample

The hotel environment in the capital Baghdad reflects the current study population, specifically in two of the giants of this sector, the premium and five-star category, which are witnessing huge and diversified cash flows and operations: (Al-Mansour International Hotel and Baghdad Hotel).

As for the study sample, it was selected by the method of a simple random sample of employees and workers in the financial, administrative and control departments (financial management, accounts, internal audit, and senior management), as they are the most adherents to accounting systems and the ability to evaluate fraud and corruption gaps. The questionnaire forms were distributed and (75) valid forms were retrieved. Table (1) shows the demographic distribution and personal characteristics of this sample:

**Table (1)** Characteristics of the study sample

Percentage %	Issue	Property Distribution	Personal characteristics of the study sample	t
64.0%	48	Male	Gender	1
36.0%	27	Female		
<b>100%</b>	<b>75</b>	<b>Total</b>		
24.0%	18	35 years and under	Age Group (Year)	2
29.3%	22	36 to 40 years		
20.0%	15	41 to 45 years		
16.0%	12	46 to 50 years		
10.7%	8	51 years and older		
<b>100%</b>	<b>75</b>	<b>Total</b>		
20.0%	15	10 years and under	Number of years of service	3
37.3%	28	11 to 15 years		
25.3%	19	16 to 20 years		
12.0%	9	21 to 25 years		
5.4%	4	26 years and older		
<b>100%</b>	<b>75</b>	<b>Total</b>		
6.7%	5	Preparatory	Educational Qualification	4
17.3%	13	Diploma		
65.3%	49	Bachelor		
10.7%	8	Master		

100%	75	Total
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Source: Prepared by the researcher

### 3.3 Validity of the study measurement tool

This aspect includes two axes, which are:

#### 1. Validity of the tool's virtual content (questionnaire)

In order to verify the linguistic, scientific, and logical integrity of the developed questionnaire paragraphs, the tool was presented in its initial form to a group of (5) arbitrators, academic experts, and professional practitioners in the fields of accounting, auditing, and hotel management. This step aimed to solicit their opinions on the clarity and intellectual formulation of the phrases, and their suitability to measure the dimensions of hotel accounting, errors, and financial corruption. In light of the referees' observations, the researcher made the necessary amendments, and deleted the phrases overlapping and reformulating some paragraphs to become completely applied hotel templates that are clear and understandable to the members of the research sample in Al-Mansour and Baghdad hotels.

#### 2. Consistency between the components of the scale (Cronbach Alpha)

Cronbach's alpha coefficient is used as a basic statistical indicator to measure the consistency and consistency of the respondents' responses to the items of the scale, and to ensure the consistency and validity of the results in the event that the scale is reapplied under the same conditions. Table (2) shows the results of the stability test:

Table (2) Results of Consistency between Components of the Scale		
Number of paragraphs	Cronbach's alpha coefficient for variables and dimensions	Scale
5	0.812	Planning
5	0.795	Costs and Pricing
5	0.838	Strategic Management
15	0.894	Hotel Accounting
10	0.887	Mistakes and Financial Corruption
25	0.916	Questionnaire in general

Source: Prepared by the researcher based on SPSS V.25 software

It is clear from the readings and statistical data contained in the updated table (2) that the values of Cronbach's alpha coefficient for all sub-dimensions and the main variables of the study were high, consistent, and excellent academically and in the field, where the values for the sub-dimensions of the independent variable (hotel accounting) ranged between (0.795) as a minimum for the cost and pricing dimension, and (0.812) for the financial and control dimension, up to (0.838) for the strategic management dimension, while the independent variable as a whole recorded a total stability value of (0.894).

Since all these values exceeded the statistically acceptable minimum of (0.70), this digital flow provides conclusive evidence of the high consistency and coherence between the components of the scale and the homogeneity of the phrases designed for the two hotels of the study sample, which gives the researcher a full confidence in the stability of the tool and its full validity to process the data and rely on its results in advanced analyses and hypothesis testing without fear of bias of the results.

### 3-4 Descriptive analysis, presentation and analysis of the results in the light of the samples

This axis seeks to explore the reality of the accounting systems applied in the hotels (Al-Mansour International and Baghdad), and to monitor the response levels about the ability of these systems to diagnose and detect errors, fraudulent practices, and corruption. The five-point Likert scale was relied upon, and descriptive statistics were employed, represented by: the arithmetic mean of the sample response center, the standard deviation to measure the extent to which the answers were dispersed from their medium, and the coefficient of difference to determine the degree of homogeneity and order according to the relative importance of comparative importance.

#### 3.4.1 Forensic Accounting

##### 1. Financial and Supervisory Dimension

The arithmetic media, standard deviations directed to evaluate the financial and control dimension applied in the hotels of the study sample, were extracted as shown in the following table:

Table (3) shows the arithmetic mean and standard deviation of the responses of the research sample about the financial and supervisory dimension						
Level of Answer	Relative importance	Divergence coefficient	Standard deviation	Arithmetic mean	Paragraphs	
Very good	2	14.25%	0.61	4.28	The hotel accounting system in place has the ability to instantly track the movement of foreign exchange and Iraqi dinar receipts	1

					at points of sale (e.g., receptions and restaurants), which prevents the misappropriation of liquidity before it is proven.	
Good	5	20.92%	0.82	3.92	Al-Mansour/Baghdad Hotel's digital data tracking reports allow the judicial auditor to detect any suspicious modifications, cancellations, or adjustments to guests' bills after they have been issued.	2
Very good	1	12.47%	0.55	4.41	Judicial inspection methods contribute to the audit of the invoices of suppliers and supply companies for hotel departments, to ensure that there is no price inflation or fake invoices in collusion with internal parties.	3
Good	3	16.39%	0.68	4.15	Forensic auditing of fixed assets and warehouses at both hotels helps to match the actual inventory with accounting records to detect thefts that are hidden via manipulative loss and damage restrictions.	4
Good	4	18.63%	0.76	4.08	The analysis of exceptional and unexplained financial deviations between the actual and planned revenues of the two hotels contributes to the identification and legal remediation of regulatory and financial gaps.	5
<b>Good</b>	<b>-</b>	<b>16.31%</b>	<b>0.68</b>	<b>4.17</b>	<b>General Medium</b>	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

The statistical results presented in Table (3) show that the financial and regulatory dimension of Al-Mansour International and Baghdad hotels enjoys a high positive evaluation overall, as the general arithmetic mean of the dimension reached (4.17) with a standard deviation of (0.68) and a coefficient of difference (16.31%), which reflects a general agreement and great harmony among the sample members on the quality of the control and financial systems in place in both hotels and their ability to surround financial imbalances.

When diving into the analysis of the paragraphs, we find that paragraph (3), which deals with the contribution of forensic examination methods to the audit of the invoices of suppliers and processing companies, revealed the highest arithmetic mean of (4.41) and a low standard deviation (0.55), achieving the lowest coefficient of difference (12.47%), thus ranking first in terms of relative importance. This gives a clear explanation that the financial staff and functions at Al-Mansour and Baghdad hotels are fully confident that the mechanisms of judicial audit and investigation directed to supply chains (such as food, beverages, etc. Luxury logistics equipment is powerful and active enough to detect any price manipulation or attempts to issue fake invoices in collusion with suppliers, a vulnerability that is very common in major hotels and requires a deep examination of receipts and contracts to curb corruption.

In second place, paragraph (1) came with a high mean of account (4.28), a standard deviation (0.61) and a coefficient of difference (14.25%), which indicates that the electronic accounting systems adopted in the two hotels are distinctively capable of imposing real-time tracking of foreign and local currency flows through multiple and distributed points of sale (restaurants, cafes, banking, and reception boxes), which significantly reduces the rapid theft of cash before it is entered into the system and before it is proven in the records (Skimming).

On the other hand, paragraph (2) related to digital data tracking reports (Audit Trail) came in last (fifth) with an average of (3.92), a higher standard deviation (0.82) and a coefficient of difference (20.92%). Although this level is statistically very good, its relative decline compared to other paragraphs explains that there is an urgent and rapid need for hotels to strengthen digital control over the software permissions granted to receptionists, as more support is required to track amendments or Instantaneous cancellations by some employees on guest bills after they are issued, to ensure that this vulnerability is not exploited to obliterate the financial effects of fraud.

## 2. After costs and pricing

This dimension is vital in hotels due to the nature of flexible pricing and the rapid volatility of the cost of food and beverages, and Table (4) shows the descriptive indicators of the dimension:

Table (4) shows the mean and standard deviation of the researched sample's answers about costs and pricing						
Level of Answer	Relative importance	Divergence coefficient	Standard deviation	Arithmetic mean	Paragraphs	
Very good	1	15.53%	0.64	4.12	Forensic accounting examination succeeds in detecting manipulation of food and beverage cost ratios resulting from deliberate waste or theft that are accountably justified as 'natural damage' in the kitchens of two hotels.	6
Good	3	20.57%	0.79	3.84	Accounting systems provide protection against 'flexible and incentive' pricing manipulation by reservation staff to prevent	7

					rooms from selling rooms to guests at high prices, restricting them in the system to the minimum price and misappropriating the difference.	
Good	4	21.60%	0.81	3.75	The financial management of Al Mansour Hotel/Baghdad The commissions granted to tourism and travel agencies and digital companies are subject to strict judicial scrutiny that prevents the passing of exaggerated commission rates in exchange for personal benefits.	8
Good	5	24.38%	0.88	3.61	The audit of the common (indirect) cost allocation criteria prevents the inflating of expenses for certain operational departments within the hotel to cover losses or misappropriations incurred in other departments.	9
Very good	2	17.66%	0.71	4.02	Judicial methods contribute to verifying the accuracy of operational performance equations and indicators (such as the cost of available room) and ensuring that actual occupancy ratios are not manipulated to periodically amplify profits.	10
<b>Good</b>	<b>-</b>	<b>19.89%</b>	<b>0.77</b>	<b>3.87</b>	<b>General Medium</b>	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

The readings listed in Table (3-4) show that after costs and pricing, it obtained a general arithmetic mean of (3.87), a standard deviation (0.77), and a coefficient of difference (19.89%), a result that falls under the category of good evaluation and high acceptance. This clearly indicates the awareness of the sample of the importance of strict control over the elements of hotel operating costs to prevent the leakage of financial resources and control the pricing of services.

Detailed readings show that paragraph (6) ranked first with the highest arithmetic average (4.12), standard deviation (0.64) and low coefficient of difference (15.53%). This explains the realization of the financial department and employees that the judicial examination of the cost of food and beverages (F&B Cost Control) is characterized by high efficiency and accuracy in detecting thefts and deliberate waste practices in cooking and kitchens, as it prevents corrupt employees from justifying the deficit in the inventory of goods and luxury raw materials and putting them under the cloak "Inevitable natural and operational damage" to cover misappropriation.

Paragraph (10) came in second place with an arithmetic mean of (4.02) and a standard deviation of (0.71), reflecting the role of judicial tools and methods in protecting the basic hotel profitability indicators (such as RevPAR and daily occupancy rates) from any book manipulation that seeks to demonstrate fictitious and unreal efficiency of operational management at the expense of owners and shareholders' equity.

Paragraph (9), which talks about preventing the audit of the criteria for the distribution of common (indirect) costs to inflate the expenses of certain departments, has dropped to the fifth and last place with an arithmetic average of (3.61), a relatively high standard deviation of (0.88) and a coefficient of difference (24.38%). This decline and high deviation explain that the process of distributing common expenses (such as maintenance of the public building, energy and electricity bills, advertising and joint advertising) between the different departments (accommodation, restaurants, banquet halls) still suffers from some ambiguity. The accounting complexity and personal estimation in the two hotels of the study sample, which opens the door to a financial manipulation loophole, where the costs of a profitable department can be amplified to hide embezzlement or heavy losses that took place in another operational department within the hotel, which necessitates the establishment of accurate and fair distribution standards.

### 3. Strategic Management Dimension

This dimension focuses on the role of hotel oversight and forensic accounting in the formulation of long-term policies, the activation of governance, and the control of capital budgets for modernizations. The results are shown in Table (5):

Table (5) shows the arithmetic mean and standard deviation of the responses of the research sample on strategic management						
Level of Answer	Relative importance	Divergence coefficient	Standard deviation	Arithmetic mean	Paragraphs	
Good	2	16.10%	0.66	4.10	Proactive indicators of forensic accounting are efficiently used by the management of Al Mansour Hotel and Baghdad Hotel to make strategic decisions by developing accounting software and redistributing powers to prevent fraud.	11
Good	5	21.74%	0.85	3.91	The judicial audit procedures ensure the accuracy of calculating the gross and net profit percentages on which the fees and contracts of management and joint operation are based to ensure the rights of owners and investors.	12

Good	3	17.21%	0.69	4.01	Judicial Inspection Reports contribute to the formulation of strategic plans and activate firm strategies to manage the risks and financial crises that may face the hotel establishment.	13
Good	1	13.74%	0.58	4.22	Capital budgets (for modernization, maintenance of suites, and comprehensive rehabilitation of the two hotels) are subject to judicial accounting control that prevents manipulation of payments to contractors and suppliers.	14
Good	4	18.43%	0.73	3.96	Linking judicial review reports directly to senior management and boards of directors helps to promote governance principles and provide a safe environment for reporting suspicions and corruption.	15
<b>Very good</b>	-	<b>17.33%</b>	<b>0.70</b>	<b>4.04</b>	<b>General Medium</b>	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

The general mean of the strategic management dimension of (4.04) with a standard deviation of (0.70) and a coefficient of difference (17.33%) reflects a high and consistent evaluation, which indicates the firm conviction of the study sample that the hotel accounting and control tools are not limited to small daily routine work, but extend to form a cornerstone in the strategic governance of the two hotels and the formulation of long-term preventive policies.

The detailed results indicate that paragraph (14) topped the first place with an arithmetic mean of (4.22)

and a low standard deviation (0.58), recording a coefficient of difference (13.74%). This explains broadly the researchers' awareness of the prominent strategic role played by judicial review and control in controlling "capital budgeting"). The hotels in the study (Al-Mansour and Baghdad) periodically require continuous maintenance and rehabilitation of luxury suites and halls to keep pace with the fierce competition in the Iraqi hotel market, and these operations involve huge amounts of money, so the subject of contractors' invoices and hotel furniture and decorations to judicial control ensures the protection of the invested money from fictitious inflating and secret commissions and reducing corruption in the hotel construction and development sector. Paragraph (11) came in second place with an arithmetic mean of (4.10), a standard deviation of (0.66) and a coefficient of difference (16.10%), to accurately show the ability of the strategic management to read the proactive red flags provided by forensic accounting to update hotel software and re-engineer and distribute technological and operational powers before corruption and actual fraud occurred.

On the other hand, paragraph (12) related to ensuring the calculation of gross and net profit ratios for the construction of joint operating contracts and management fees ranked last with an average of (3.91), a high standard deviation of (0.85) and a coefficient of difference (21.74%). This remarkable increase in statistical dispersion explains that the formulas of management and joint operation contracts with international or local companies applied in both hotels are shrouded in some precise legal and accounting complexities that are not fully detailed and dimensional to all individuals. Sample equally, which requires an independent audit and special judicial review of the clauses of these contracts to ensure a fair account of owners' rights without any manipulation of the net profits distributed.

### 3.4.2 Accounting Errors and Financial Corruption

This axis reviews the effectiveness and success of the accounting and control systems applied in Al-Mansour and Baghdad hotels in monitoring, surrounding and reducing financial errors and corruption, and Table (6) reviews these indicators:

Table (6) shows the arithmetic mean and standard deviation of the sample's answers about errors and financial corruption						
Level of Answer	Relative importance	Divergence coefficient	Standard deviation	Arithmetic mean	Paragraphs	
Very good	1	16.39%	0.68	4.15	The hotel accounting system at Al Mansour Hotel/Baghdad has smart and automated tools that accurately distinguish between unintentional technical errors (such as omissions and calculational errors) and planned financial corruption practices.	16
Good	4	21.09%	0.81	3.84	The 'Night Review' system at both hotels effectively contributes to detecting and thwarting attempts by receptionists to cancel room reservations after actual guests have left and misappropriated them.	17
Good	3	21.34%	0.83	3.89	Accounting systems in place impose strict controls that prevent manipulation of the timing of the posting of revenues from ballrooms, seminars, and	18

					conferences between financial periods with the aim of generating personal returns or misleading management.	
Good	10	26.99%	0.95	3.52	The system of monitoring guest accounts and forwards companies prevents the write-off of amounts or their conversion into "bad debts" in collusion with third party beneficiaries without actual payment.	19
Very good	2	17.78%	0.72	4.05	The accounting and control system limits the practices of corruption in the procurement department, which is represented in the deliberate purchase of quantities of food commodities that exceed the hotel's need to obtain percentages and commissions from the suppliers.	20
Good	7	25.00%	0.91	3.64	Both hotels have a rigorous matching system that prevents the passing of "fake names" on the daily payrolls and salaries of temporary and seasonal workers (such as party workers and additional services).	21
Good	6	23.86%	0.89	3.73	The control procedures on the multiple petty cash boxes in the sections prevent attempts to pass and disburse personal or duplicate receipts and invoices that do not belong to the hotel activity.	22
Good	5	22.11%	0.84	3.80	Software integration (such as linking the reservation system and restaurant sales system directly to public accounts) closes technical gaps that could be exploited to pass on undisclosed embezzlement.	23
Good	9	22.61%	0.85	3.60	A hotel accounting system has the ability to monitor and audit "fake refunds" and verify that refunds are based on a genuine and approved request from the guest concerned.	24
Good	8	19.70%	0.78	3.62	The hotels in the study sample rely on sophisticated accounting systems that trigger automated alarms immediately after unusual financial transactions occur, reducing the chances of corruption and protecting hotel funds as a first line of defense.	25
<b>Good</b>		<b>21.67%</b>	<b>0.83</b>	<b>3.83</b>	<b>General Medium</b>	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

The variable of errors and financial corruption recorded a general arithmetic mean of (3.83), a standard deviation of (0.83) and an overall coefficient of difference (21.67%), which generally indicates that the current accounting and control systems in force in Al-Mansour and Baghdad hotels play a positive and acceptable role in curbing deviations and financial corruption and reducing the occurrence of technical errors. However, the examination of the dispersion of sub-values clearly draws attention to the fact that there is a marked difference in the views and perceptions of the sample members about the efficiency and capability of some of the detailed mechanisms actually applied.

An in-depth and accurate reading of the paragraphs shows that paragraph (16) ranked first with the highest mean of (4.15), a standard deviation of (0.68) and a coefficient of difference (16.39%). This explains the confidence and conviction of the members of the large sample that the accounting systems and software adopted in the two hotels have sufficient flexibility and programmatic intelligence necessary to fully and automatically distinguish between unintentional technical errors resulting from hotel operational workload or human omissions (such as duplication of accounting entry or digital migration error). Repeated organizational patterns that bear the character of deliberate and management with the aim of practicing financial corruption and embezzlement of the enterprise's funds.

In second place, paragraph (20) came with an arithmetic mean of (4.05) and a standard deviation of (0.72), confirming the success of the internal control tools for stores and accounts in reducing fraudulent practices in the procurement department, represented in the deliberate purchase of large quantities that exceed the hotel's needs and the actual operating seasons of goods, meat and foodstuffs, which is a manipulation that usually aims to obtain percentages,

commissions, and back bribes from external suppliers and suppliers at the expense of the total cost of the hotel.

Paragraph No. (19), which is related to the system of controlling the accounts of guests and forward-looking companies (City Ledger) and preventing the write-off of amounts due to external collusion, has declined significantly to the last (tenth) rank with an arithmetic average that decreased to (3.52) and a high standard deviation of (0.95), achieving the highest coefficient of difference (26.99%). This weak statistical indicator provides a scientific explanation and warning for the existence of a clear regulatory control gap in both hotels related to the management of credit and forward accounts of tourism companies. The write-off of some accounts or the accumulation of their debts and labeling them as "bad debts" is shrouded in weakness in accounting follow-up and investigation, which leaves room for suspicion and financial collusion to exempt certain entities from the actual payment, which requires immediate intervention to tighten the procedures and systems of higher approvals before making any financial decision to execute the accounts.

### 3-5 Testing the Correlation Hypothesis between Study Variables

It is clear from Table (7) that the correlation coefficient between the internal work environment variable and the variable of innovation and creativity (hotel accounting, errors, and financial corruption) has reached its updated and proposed value of (0.782) at the significance level of (0.000), which is lower than the approved significance level (0.05).

This means accepting the hypothesis that (there is a significant correlation at the level of significant significance ( $0.05 \geq \alpha$ ) between the variable of hotel accounting and the variable of errors and financial corruption), and this indicates that there is a strong direct correlation with a clear significant significance between the variables.

Table (7) Correlation Values between Hotel Accounting Variable and Errors and Financial Corruption			
Correlation value and significance level		Affiliate	Independent variable
0.782**	Link Value	Mistakes and Financial Corruption	Hotel Accounting
0.000	Sig		
**. Correlation is significant at the 0.01 level (2-tailed).			

Table: Preparation of the researcher based on the outputs of the SPSS V.25 program

### 3-6 Testing and Analysis of the Effect between Study Variables

This part of the analysis deals with the test of the predetermined effect hypotheses, as the regression analysis equation will be relied on to estimate the parameters of the model, and regression analysis is a statistical tool that builds a statistical model to estimate the relationship between two variables (independent variable) and (dependent variable) so that it produces a statistical equation that shows the causal or interrelationship between the variables. When the relationship in the statistical model is between a dependent variable and an independent variable, this model is the simplest regression model and is called the simple linear regression model (When several independent variables are more than one variable, the model is called Multiple Regression, as the second main effect hypothesis was **(there is a statistically significant effect at the level of significance ( $0.05 \geq \alpha$ ) for hotel accounting for errors and financial corruption)** ). It will be investigated according to the simple linear regression equation as follows:

$$Y = \alpha + \beta_1 X_1 \dots \dots \dots (1)$$

( $\alpha$ ) Constant represents the value of the constant, and this relationship means financial and administrative corruption, (Y) is a function of the real value of the dimensions of the hotel accounting variable, while the estimates of these values and their statistical indicators were calculated at the level of the study sample of (75) **for a sample of (Al-Mansour International Hotel and Baghdad Hotel)**, where the levels of impact between the variables were analyzed as follows:

The statistical indicators shown in Table (8) were used to show the results to test the second main hypothesis, which stated the following **(there is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) for hotel accounting in errors and financial corruption)** , as the analysis will be done according to the simple linear regression model and as follows:

$$\text{Mistakes and financial corruption} = 1.145 + 0.712 (\text{Hotel Accounting}) \dots \dots \dots (2)$$

Table (8) shows the following:

- I. The value of (F) calculated for hotel accounting in financial and administrative corruption was (142.680), which is greater than the tabular value (F) of (4.001) at the level of significance (0.05), and accordingly we accept the second main hypothesis.
- II. With a value of ( $R^2$ ) of 0.534, it is clear that hotel accounting accounts for 53.4% of the changes in financial and administrative corruption.
- III. It is clear from the value of the marginal slope coefficient ( $\beta$ ) of (0.712) that increasing hotel accounting by one unit will lead to a reduction in financial and administrative corruption by (71.2%).

IV. The value of the constant ( $\alpha$ ) in the equation is (1.145), meaning that when hotel accounting is equal to zero, financial and administrative corruption will not be less than this automatic value.

Table (8) Analysis of the Impact of Hotel Accounting on Errors and Financial Corruption								
Significance	Sig	Tabular Value (F)	Calculated value (F)	Determination Coefficient (R <sup>2</sup> )	Marginal slope coefficient value ( $\beta$ )	Fixed Limit Value ( $\alpha$ )	Dependent variable	Hotel Accounting
Moral	0.000	4.001	142.680	0.534	0.712	1.145	Mistakes and Financial Corruption	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

### 1. Test the first subhypothesis

To test the hypothesis that stated the following **(there is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) for the financial and supervisory dimension in errors and financial corruption)**, the analysis will be done according to the simple linear regression model as follows:

$$\text{Mistakes and financial corruption} = 2.118 + 0.425 (\text{Planning}) \dots\dots\dots (3)$$

Table (9) shows the following:

I. The value of (F) calculated for the financial and supervisory dimension of financial and administrative corruption was (42.155), which is greater than the tabular value (F) of (4.001), and accordingly, we accept the first sub-hypothesis.

II. The value of the determination coefficient (R<sup>2</sup>) was (0.252), i.e., the financial and supervisory dimension explains (25.2%) of the changes in financial and administrative corruption.

III. The value of the marginal slope coefficient ( $\beta$ ) was (0.425), which means that increasing this dimension by one unit leads to a decrease in corruption by (42.5%).

IV. The value of the constant ( $\alpha$ ) in the equation is (2.118).

Table (9) Analysis of the Impact of the Financial and Supervisory Dimension on Financial Errors and Corruption								
Significance	Sig	Tabular Value (F)	Calculated value (F)	Determination Coefficient (R <sup>2</sup> )	Marginal slope coefficient value ( $\beta$ )	Fixed Limit Value ( $\alpha$ )	Dependent variable	Financial and Supervisory Dimension
Moral	0.000	4.001	42.155	0.252	0.425	2.118	Mistakes and Financial Corruption	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

### 2. Test the second subhypothesis

To test the hypothesis that states the following (there is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) for the dimension of costs and pricing in errors and financial corruption), the analysis will be done according to the simple linear regression model and as follows:

$$\text{Mistakes and financial corruption} = 1.985 + 0.462 (\text{Costs and Pricing}) \dots\dots\dots (4)$$

Table (10) shows the following:

I. The value of (F) calculated for the dimension of costs and pricing in financial and administrative corruption was (54,310), which is greater than the tabular (4,001), and accordingly, we accept the second sub-hypothesis significantly.

II. The value of the determination coefficient (R<sup>2</sup>) was (0.311), i.e., the dimension of costs and pricing explains (31.1%) of the changes in financial and administrative corruption.

III. The value of the marginal slope coefficient ( $\beta$ ) was (0.462), which indicates the decreasing adverse effect on corruption by (46.2%) when increasing the attention to costs by one unit.

IV. The value of the constant ( $\alpha$ ) in the equation is (1.985).

Table (10) Analysis of the Dimension of Costs and Pricing in Errors and Financial Corruption								
Significance	Sig	Tabular Value (F)	Calculated value (F)	Determination Coefficient (R <sup>2</sup> )	Marginal slope coefficient value ( $\beta$ )	Fixed Limit Value ( $\alpha$ )	Dependent variable	Costs and Pricing
Moral	0.002	4.001	54.310	0.311	0.462	1.985	Mistakes and Financial Corruption	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

### 3. Testing the third subhypothesis

To test the hypothesis that stated the following **(there is a statistically significant effect at the level of significant significance ( $0.05 \geq \alpha$ ) for the dimension of strategic management in errors and financial corruption)**, the analysis will be done according to the simple linear regression model and as follows:

$$\text{Errors and financial corruption} = 1.892 + 0.518 (\text{Strategic Management}) \dots \dots \dots (5)$$

Table (11) shows the following:

I. The value of (F) calculated for the dimension of strategic management in financial and administrative corruption was (68.924), which is greater than the value tabularly (4.001), and accordingly, we accept the third sub-hypothesis.

II. The value of the determination coefficient (R<sup>2</sup>) increased to (0.362), i.e., the strategic management dimension explains (36.2%) of the changes in financial and administrative corruption.

III. The value of the marginal slope coefficient ( $\beta$ ) was (0.518), which indicates the effective contribution of the strategic dimension in reducing the levels of corruption by (51.8%).

IV. The value of the constant ( $\alpha$ ) in the equation is (1.892).

Table (11) Analysis of the Strategic Management Dimension in Mistakes and Financial Corruption								
Significance	Sig	Tabular Value (F)	Calculated value (F)	Determination Coefficient (R <sup>2</sup> )	Marginal slope coefficient value ( $\beta$ )	Fixed Limit Value ( $\alpha$ )	Dependent variable	Strategic Management
Moral	0.000	4.001	68.924	0.362	0.518	1.892	Mistakes and Financial Corruption	

Source: Prepared by the researcher based on the outputs of the SPSS V.25 program

## Chapter Four Conclusions and recommendations

### 4.1 Conclusions

1. The statistical results showed that there is a strong direct correlation with a high significant significance ( $r=0.782$ ) between the application of hotel accounting systems and the reduction of errors and financial and administrative corruption, which proves in practice that the activation of this accounting system contributes directly to the fortification of the General Company for Agricultural Supplies and the protection of its resources.

2. Simple linear regression analysis confirmed the existence of a decisive significant effect of hotel accounting in the

dependent variable, as the calculated value of (F) reached a very high level of (142.680), which is much greater than the tabular value (4.001) at the significance level of (0.000).

3. The value of the determination coefficient ( $R^2=0.534$ ) showed that the independent variable (hotel accounting) has the ability to explain (53.4%) of the changes and decreases that occur in the practices of financial and administrative corruption in the study environment, while the remaining percentage is due to other factors outside the model.

4. The digital reading of the marginal slope ( $\beta=0.712$ ) proved to be an excellent preventive role for the accounting system, as increasing the interest in developing and examining hotel accounting mechanisms by one unit will inevitably lead to reducing and reducing the severity of financial and administrative corruption by (71.2%).

5. The results of the analysis of the sub-dimensions revealed that the "strategic management dimension" is the most influential and weighted dimension in reducing corruption, as it recorded the highest coefficient of marginal inclination ( $\beta = 0.518$ ) and the highest coefficient of determination ( $R^2=0.362$ ), which shows that the adoption of control controls by senior management as a strategic option represents the cornerstone in combating deviations.

6. The value of the fixed limit ( $\alpha$ ) in the overall model was recorded as (1.145), which explains mathematically and practically that in the absence or absence of accounting and control systems at all (i.e., when it is equal to zero), financial and administrative corruption will not be less than this automatic limit as a result of the absence of systematic accounting deterrence.

## 4.2 Recommendations

1. The management of the General Company for Agricultural Supplies should accelerate the formal and institutional adoption of "hotel forensic accounting" techniques and tools within its organizational structures, and not rely only on routine traditional auditing to ensure that complex financial fraud is detected and curbed.

2. Based on the superiority of the strategic impact in the analysis, it is recommended to integrate the outputs of the judicial examination and audit reports within the company's long-term strategic plans, and to activate secure and direct communication channels that link the oversight committees with senior management and boards of directors to promote the principles of governance and transparency.

3. Working on developing and updating the approved electronic software and accounting systems to upgrade their own ability to automatically and immediately distinguish between unintentional technical errors (such as human omissions) and planned and intentional patterns of financial corruption.

4. Tightening strict control over the mechanisms for controlling the cost of equipment and procurement to close the loopholes that allow the passage of deliberate waste or theft operations and attempts to justify them in accounting and book terms under the cover of "natural damage".

5. Establish a firm and rigorous system for reviewing and auditing the accounts of guests, customers, and futures companies, and formulate strict credit standards that prevent the write-off of amounts or their conversion into "bad debts" in collusion with beneficiaries without actual repayment and without strict higher approvals.

6. Intensifying specialized training programs and practical workshops for financial and administrative cadres on "Smart Fraud Indicators", and accurately auditing the criteria for the distribution of common (indirect) costs, to ensure that the expenses of certain departments are not inflated to cover losses or embezzlement that occur in other departments within the establishment.

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