

4Unit VI. Financial Transaction/Cashiering Function

Objectives :

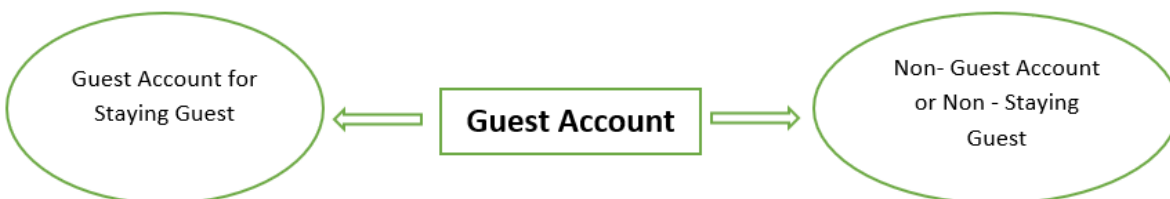
1. Process the financial transactions such creating guest account,
2. Process and record charges,
3. Process and record payment,
4. Prepare and issue receipts and manage refunds

Introduction

A hotel cashier collects money from guests for their lodging accommodations and any other charges they may incur during their stay, including food and beverage, room service and telephone or computer use fees. He is commonly required to maintain related records and files regarding financial transactions that take place at the front desk. Good mathematical skills are required for this job. Although most modern cash registers or point-of-sale (POS) terminals automatically calculate fees and taxes based on the programming of their software, a hotel cashier is expected to be able to accurately calculate bulk room rates or corporate discounts and add up room and auxiliary charges utilizing a calculator or adding machine. Customer service skills are needed for this job, as well as the ability to work well with other hotel staff personnel. Besides processing cash, debit card and credit card transactions for guests, a hotel cashier is often responsible for foreign currency exchange for the guests. If customers have questions or concerns about charges on their bills, the hotel cashier should be competent in addressing them to their satisfaction. If a hotel has safes or safe-deposit boxes to protect valuable possessions of their guests, the hotel cashier is frequently in charge of handling them.

Creating the guest account

The front office department maintains TWO TYPES of guest account : Guest account (for staying guest in hotel) and the Non guest accounts (guest not staying in hotel but enjoyed hotel services and facilities).



Guest Account

It is the record of all financial transactions between hotel and staying guest. Guest accounts are created at the time of registrations of the guest at the time of guest arrival in the hotel. It can be created even at the time of reservation when a guest makes a confirmed reservation by paying some amount of advance deposits (MONEY) to hotel. The front office cashier will create a guest folio on the basis of information given by guests in the Registration form.

Non-guest account (city ledger)

This type guest account is the record of all financial transactions that takes place between nonresident guest and hotel. This type of account in other words called as CITY

LEDGER. The hotel front office cashier maintains all transactions of the Local resident guest who have enjoyed hotel services and pay for them later. So in this case the bills are generated on guest name and the billing is prepared and the guest authorizes the bill by putting signatures. The bill we sent to guest office address for necessary payments.

Apart from local guests the hotel also maintains other types of non-guest accounts, which include the following points.

SKIPPERS ACCOUNT - Skipper is a guest who leaves the hotel without settling their bills/ who do not pay their bills. It is a loss in revenue to hotel. Such type of skipper account also transferred to city ledger accounts.

Bill to company - The company clients whose bills are generally settled by their companies also transferred in city ledger account.

NO SHOW GUEST - When advance is made by guest on guaranteed reservation and due to some reason the guest could not able to arrive in the hotel (NO-SHOW).such type of accounts normally recorded in city sales ledger

Process and record charges

Guest accounting is maintained by front desk to check individual outstanding balance during the guest stay in hotel. Any money paid by guest to the hotels is posted in DEBIT COLUMN

Any money received from guest towards settlement of bill is posted in CREDIT COLUMN. The balance column reflects a progressive difference between debits and credits will be calculated on the basis of the formula. $\text{PREVIOUS BALANCE} + \text{DEBITS} - \text{CREDITS} = \text{NET OUTSTANDING BALANCE}$. These procedures are applicable to the guest folio in which all cash and credit transactions of the guest are recorded for each residential guest. A debit entry will increase the guest's outstanding balance A credit entry will decrease the outstanding balance in guest account. When an account is created, it is assigned a guest folio with guest name, room no. At the time of guest departure guest account has to be brought down to zero by receiving cash payment/bill to company.

Accounts which are included in city ledger account

- Credit card payments of bill done by guest
- Bill to company for corporate guest
- Airlines vouchers
- Traveler's cheque, Travel agent vouchers
- Skippers account (bad debts)
- Bounced personnel cheques of guest.
- Disputed bill accounts of guest
- Retention charges account from DID NOT ARRIVE (DNA) GUESTS. The purpose of guest accounting and billing system
- To keep up-to-date record of posting prepayments, credit transactions and charges to guest account at regular period of time to maintain and inform guest at the time of checkout/during guest stay in hotel

- To provide accurate bill to guests, reflecting what the guest have paid in advance at the time of check-in , and the outstanding balance need to be paid by guest's
- To provide all financial data of hotel accounts and statistics and to prepare reports.
- To maintain individual guest accounts, receipts, vouchers, payments etc.
- To maintain city ledger accounts and processing for payments.
- To monitor guest outstanding balance at regular intervals.
- Request the guest to pay some amount in case the outstanding balance in more than the credit limit which are fixed by hotel
- In case of any query, the guest can contact front desk to know about their bills.
- To maintain good business relation and earn profit by providing hotel services.

Process and record payments

Front office accounting process at the time of guest pre-arrival and check-in

- ✓ Determining and confirming room rates to be applied
- ✓ To enquire guest's mode of bill settlement at the time of checkout'
- ✓ Checking guest profile to allow credit transaction during their stay in hotel.
- ✓ In case a guest with less luggage/ walk-in guest then ALL PAYMENT CASH (APC)
- ✓ To check corporate and agency settlement agreements with hotel.
- ✓ Opening guest folios on arrival
- ✓ To credit the advance amount collected from guest during check-in process.

Maintaining guest account during guest stay

- ✓ Posting of credits and charges to guest account once the bill is generated.
- ✓ Verifying and posting of guest account in guest folio.
- ✓ To monitor guest credit balance on a daily basis and inform guest to make some payment against their bills

Closing of guest account during guest departure:

- To prepare guest final bill.
- Make sure to post last minute bills from other departments.
- To present guest final bill so that guest can view all the charges posted in their room account and any problems may be solved.
- To confirm the mode of payment as mentioned in guest folio.
- Forwarding master bills in case bill to company.

Prepare and issue receipts

Vouchers are documentary proof of financial transaction of guest. The front office cashier is required to maintain supporting documents of all the financial transactions recorded in guest folio of all the staying guest of the hotel. A voucher which assures the guest who is bringing it to the hotel for the

service of certain goods or discounts upon producing it at the time of guest checks in. For each transaction the outlets of the hotel presents the bill to the guest. Receives payment from guest and gives cash receipt of the transaction. In case if the guest signs the bill along with the room no, the bills are sent to the front office cashier to post the bill in guest folio. All the bills and vouchers are attached with guest folio, And based on this, master folios are prepared at the time of guest checkout.

Types of Vouchers	
<i>Cash Receipt</i>	<i>Visitors Paid Out (VPO)</i>
Miscellaneous Charge Voucher	Guest Allowances Voucher
Telephone Call Voucher	Travel Agent Voucher
Restaurant & Bar Bill Vouchers	Commission Voucher

CASH RECEIPT VOUCHER- It is a type of voucher when a guest deposit some amount of advance money to book a room or to avail any other hotel services like banquet room booking for conducting a conference. It is a legal proof of remittance of the deposited cash by guest. A receipt of acknowledgement that the payment is made. This voucher is prepared by front office cashier.

Miscellaneous Charge Voucher -It is a voucher prepared for the payment other services like Laundry, business centre, health club, fitness centre, salon, etc. The guest will check and verify the bill by putting their signature along with room no, which is sent to front desk cashier for posting in guest folio. These are credit transaction facility given by hotel to resident guest who stay in the hotel

Telephone call voucher- Many hotels use computerized telephone billing system. This will calculate call details and charges are posted accordingly in guest folio. But in small hotels outgoing calls are forwarded through telephone operator. The billing is done by operator who prepares manual bill and sends it front desk cashier for necessary posting in guest account. In simple manner telephone call voucher is a bill.

RESTAURANT BAR BILLS/VOUCHERS- All in house guests may enjoy their meal in any of the food and beverage outlets in hotel. Bills are prepared when ever guest consumes food and beverages' during their stay. Guest will avail credit facilities which are offered by hotel based on guest profile. So guest will authorize the bill by signing it. These bills are sent to front office cashier for appropriate posting in guest folio on a daily basis.

VISITORS PAID OUT VOUCHER (VPO):

Generally hotel pays some money for small transactions, on behalf of the staying guest, during their stay. A voucher is created by front office cashier for documentation and approval of guest. The necessary details are entered in visitors paid out voucher and guest need to sign along with room no. Then it is posted in guest folio for payments at the time of guest checkout. The following charges may be posted in VPO.

- I. Payment for taxi if the guest is not having change for example Rs 200/- (Two hundred only).
- II. Florist charges for the purchase of bouquet by guest.

III. Postage and courier charges.

guest allowance is the cash paid to the guest by the hotel on the following situations.

- In case of wrong posting of bills in guest folio, an allowance voucher is prepared by front office cashier to compensate the charges in guest account, which are due to human error.
- If a guest has paid a large sum of money at the time of check in for example guest has paid Rs 50,000 (fifty thousand only). And at the time of guest check out the total bill of the guest is Rs 35,000 (thirty five thousand only). In this case the hotel will pay back the remaining amount i.e. 15,000 (Fifteen thousand only) by raising allowance voucher. In case an airline or tour operator sends a group of guests and guarantees for repayment of bills on behalf of guest. Guest allowances are strictly monitored and controlled by lobby manager. The front desk cashier needs to get an approval from competent authority to pass the allowance and to make payment to guests.

Commission voucher Whenever any commission is paid by front office cashier for any guest or third party commission voucher is prepared and authorized by competent authority like front office manager /lobby manager. Hotel pays commission to people who provide regular business to hotel. Mostly these types of vouchers are prepared for the following reasons.

- Generally a Travel agent or Tour operator who provides business to hotel by providing room reservation for Group guests on a commission basis of 10 percent on Room rates excluding taxes
- A Taxi driver who brings walk-in guest (who do not have confirmed reservation) to the hotel. If the guest stays in the hotel by reserving a room then the hotel pays Commission to driver, for bringing business.
- Any agency which is working on a commission basis.

Types of folios

GUEST FOLIO - A guest folio is created at the time of guest arrival at front desk. After completing the formalities of guest arrival, guest registration form is filled by guest and guest folio is created by front office cashier to open guest account. If any guest pays any advance amount in that case the posting of amount will be posted in the credit side of guest folio at the time of guest room reservation.

MASTER FOLIO - Master folio created for group guest or more than one guest. It contains all the necessary information about group guest, room no's, mode of bill settlement. It is one folio for group guest.

Non-guest folio - In this folio credit financial transaction made by guest who are not staying in the hotel. But they are allowed to enjoy hotel services on credit basis. The bill will be sent to their respective office address for necessary payments. The guest need not pay on the spot. This folio also called as CITY LEDGER. This credit facility is generally offered to local business clients to attract business for the hotel.

Employee folio - This folio is created between hotel staff and the hotel. The staffs are allowed for credit transactions for a certain amount of money fixed by hotel as per the policies. The amount is later on collected from employee salaries. For example the staff can order for birth day cake for which the bill is generated and the staff needs to sign with the Name, department in which he/she is working and employee code no. These bills will be sent to accounts department for the recovery of transaction made by the staff and some percentage of discounts is given to staff.

SETTLEMENT OF ACCOUNTS

The collections of payment from guest are called settlement of accounts. Bill settlement involves bringing guest account to zero balance after receiving payments from guest, by transferring bills to company by getting approval letter from the company and hotel, or by sending credit card bills to various banks for guest bill settlement. Hotel works very hard in preventing late charges which are not posted in guest account at the time of checkout. This is a loss to hotel. In only exceptional case only such kinds of problems do occur.

Some of the more commonly used reports in front office department are listed as below:

1. Expected Arrival List It is a report which is commonly used by Reception department. It provides information about the expected arrivals of the day as well as arrivals for the dates in future. The report contain information such as name of guest , expected time of arrival, duration of stay, company, billing instructions , etc
2. Guest In- house list The report provides information about all guests staying in the hotel with their respective room numbers and other relevant details.
3. Expected VIP In-house list This list has the details of all VIPs expected to arrive during the day along with their VIP status so that the special amenities may be placed in the room in advance. Hotels generally have different guest status such as Normal Guest, Regular Guest, VIP 1, VIP 2, VIP 3, etc.
4. VIP in-house list A list of all VIP guests currently staying in the hotel.
5. Room discrepancy report It is an important report which provides information about any discrepancy or difference between the room occupancy status given by Housekeeping department and room occupancy status given by front office department. As an example if Housekeeping says that the room 203 is occupied while the front office status is showing the room as vacant then it is considered a discrepancy which needs to be sorted out.
6. Airport Pick-up list This report is, primarily, used by concierge. It helps them to co-ordinate the pick-up of guests from airport to the hotel.
7. Group arrival list Resorts and hotels located at places of heritage interest do a lot of group business. This report lists all the group arrivals for the day along with their time of arrival and other details.

8. Expected Departure List This list is most useful for the cashier. It contains a list of all the in-house guests expected to check-out that day. It includes name of the guest, room number, billing instructions, mode of payment, time of departure etc.

9. High balance report This report is, again, most useful for the cashier. Hotels usually have an internal credit limit for the guests which are known as the house limit. High balance report lists those guests who are exceeding house limit or are nearing it. This report helps the cashier to follow-up with such guests so as to get a part settlement of their folios and to keep the guest accounts under house limit.

10. Manager's report This report is generated during the night-audit process. It gives a summary of the entire operations in last 24 hrs as well as a projection for the next day. It provides information such as end of the day position, revenue generated, forecast for next day, no-show, performance against budgeted targets etc.

11. No-show report This report lists all the guests who gave reservation but did not turn up, i.e, no-show guest

12. Cancellation report Details of those guests with reservation who later cancel their room bookings are listed in this report

13. Arrival report This report provides information about all guests checked-in into the hotel on that day. It has details like name, company, time of arrival, room number, billing instructions, etc. of the guest

14. Departure report: Similar to the the arrival report it lists all the actual departures for the day.

15. Follow-up action / Trace report Sometimes we leave a follow-up action for a future date or time. All such follow-ups or traces will feature in this report. As an example a guest who checked- in today wants a bouquet to be send to his room after two days. In this case receptionist will leave a trace for the concerned day when the trace report will show the follow-action to be taken from his end.

As per the billing instruction mentioned on the reservation correspondence, the cashier should prepare the bill for the guest. The billing instruction should be also printed on the guest registration card.

If the billing is to be settled to the Company / Travel Agent account then check for the credit letter from the accounts and also make sure a valid AR ID is present on the Company / Travel agent profile.

Prepare the guest folio as per the billing instruction:

- Check the billing instructions mentioned on the reservation for preparing the guest bill.
- In case only the room and taxes to be billed to company / TA then move only those charges to another folio for example folio B and keep all the extras which guest need to make a direct settlement on folio A.
- If the Property management system allow auto routing then a routing instruction need to set at the time of reservation itself so as per the billing instruction charges will be transferred to each corresponding folio automatically as and when they are posted.

- In case the guest is part of any pre paid packages with certain inclusions, then move the charges which are pre paid by the guest to a separate folio and then keep the extras on one folio. By doing this cashier can easily explain the guest on charges which are already paid and those charges which need to be settle by the guest.

Settlement of Guest Accounts with credit card:

- For Approved credit cards verify that the credit card voucher filed with the folio belongs to the correct guest. Also verify that the credit card number and name are legible on the voucher.
- If the folio balance exceeds the previously authorized amount, the card Centre must be called for authorization. Compare the voucher and the credit card to ensure that the signatures match.
- If the guest has presented an approved credit card at check-in, this same credit card must be used in settling the account. If the guest wishes to charge the account to another credit card, it must be verified through the credit card authorization Centre before settling the account.
- Enter the correct amount on the EDC machine after swiping the credit card.
- Get signature from the guest.
- Select the correct credit card type and enter the same amount as what appearing on EDC slip while settling the guest bill.

Bill to Company or AR settlements:

- A folio must be presented to the guest for signature on all 'Bill to Company' or 'Bill to AR' settlements.
- For all Bill to AR settlements a valid AR number should be present on the company / TA profile.
- An approval letter for the company Credit settlement / Voucher should be attached with signed invoice copy by the guest.
- A credit card cannot be accepted as authorization for Company Credit facility by the hotel.
- All AR billing requests must be directed by sales and approved by Accounting or Credit Manager.

Payment of Guest Account by Personal Cheque:

- Accepting payment by Personal cheque depends upon hotel management's policy.
- In case the hotel allows settlement by personal cheque, then the cheque must be imprinted with the guest's name, address and telephone number and the cheque number must be at least 200 or higher.
- Do not accept cheque that is obviously drawn on a new account.
- Checks may be accepted for the exact amount of the folio balance, provided proper credit information (and approval) was secured at check-in and is indicated on the folio.
- If this information has not been taken, the cashier must secure it (and any necessary approvals) and record it before accepting the check.
- In the absence of credit information, record the room number, address, telephone number and date of checkout on the front of the check.
- The cashier should also notify the Front Office Manager or Duty manager if the required information was not collected at the time of guest check in.
- Also, If possible, a credit card authorization letter should be collected from the guest as a precaution just in case the check did not cash in.

Settlement by Cash or Foreign currency:

- In certain countries for settlement by cash if the bill value is greater than certain amount (Eg: more than 50000 etc.) , then the guest need to provide a valid government ID like (PAN card, Passport etc.) while payment.
- Also in case the hotel is not allowed accept foreign currency for bill settlement then, The cashier should perform a proper foreign currency exchange and then adjust the amount with the outstanding guest bill.

After Departure Charges:

- After departure charges can be handled in below ways
- Void the original invoice after getting approval and make the required adjustments. (For same day only)
- Make the adjustment settlement as a chance sale.
- A copy of the adjusted voucher and final room folio must be mailed to the guest.
- Appropriate reason should be mentioned by the cashier for voiding the invoices.

Activity #6.

Discuss about :

1. Various types of vouchers prepared by front office .
2. Skipper account
3. visitors paid out voucher
4. commission voucher
5. What are the different types of settlement in [Front office](#)?
6. Process for bill to company settlement?
7. What all need to be checked while making a [check-out](#) by credit card?
8. Is it required to collect a Valid ID [proof](#) in case of cash settlement greater than 50000?

References :

[http://cbseacademic.nic.in/web_material/Curriculum/Vocational/2018/Front%20Office%20OPERATIONS%20XII%20\(753-754\)/ADVANCED%20Front%20Office%20OPERATIONS%20\(754\).pdf](http://cbseacademic.nic.in/web_material/Curriculum/Vocational/2018/Front%20Office%20OPERATIONS%20XII%20(753-754)/ADVANCED%20Front%20Office%20OPERATIONS%20(754).pdf)

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