

10/21/2018



SPHM
HOSPITALITY

HOTEL INCOME MANAGEMENT POLICY



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Series 100

Hotel Cash Management Policy



HOTEL CASH MANAGEMENT POLICY

Sun Paradise Hotels Management





HOTEL CASH MANAGEMENT POLICY

1. INTRODUCTION

In this module will discuss how Cash must be treated based on correct procedures, safety and easy monitor to cash internal control.

In principle Hotel Cash Management must be considered to ten points as below:

- ❖ Cash Handling must be segregated between cash receipt and cash payment.
- ❖ Bookkeeping and Cash Handling must be separated.
- ❖ All payment must use bank transactions.
- ❖ The Computer/Cash Register must be used to secure Incoming Cash and Outgoing Cash.
- ❖ All financial documents must use number and control the sequence number daily by consistency.
- ❖ All Cash Receipt be deposited to bank by daily basis
- ❖ Cashiers must be standing by in each outlet.
- ❖ Internal / External Audit must be implemented by consistency.
- ❖ Voucher System must be implemented even use Computerize System
- ❖ Cash Inventory must be implemented at least once month in “Surprise Basis”

2. General Objective

This Training objective is to guide all employees of Sun Paradise Hotels Management understand about Hotel Cash Management and can be implemented directly in The Sun Paradise Hotels Management.

3. Specific Objective

By reading this module then was joining into the Training Class, hopefully the employee able to:

- a. Implement in The Sun Paradise Hotels Management and comply with hotel policy and procedures.
- b. Implement to all cash transaction accordance with Cash Management Policy and Procedures of The Sun Paradise Hotels Management.



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To manage CASH in The Sun Paradise Hotels Management should be used: "**Revolving Fund System**", mean a system been implemented by many Finance Expert for manage company cash in order to easy in the monitoring cash internal control.

The Revolving Fund System to be implemented as follow:

"All receipt either in cash or cheque from revenue, collection of Account Receivable, Selling Assets, loans from bank or from share holder (owner), **MUST BE DEPOSITED TO BANK** at next day. And all payment must be used **Bank Cheque of Bank Transfer**. For safety reason all Cheque must crossed.

All accidental expenses paid by "Petty Cash" must reimbursed through "Cash Disbursement" then prepared a Bank Cheque with same value of spend as cash replacement.

Commonly in Hotel Cash Management will divided into three groups of Cash, as bellow:

- Cash Collection;
- House Float or Cash in Hand;
- Cash at Bank.

1.1 Cash Collection:

Cash Collection is all "incoming cash" either from revenue of cash sales, collection of Account Receivable in cash or other cash receipt from other activities.

- 1.1.1 According to "Revolving Fund System" mentioned all incoming cash must be processed through **General Cashier** as an authorized person as administrator of cash.
- 1.1.2 Each Shift of Outlet Cashier is responsible to balancing their physical cash to "Cash Report", then to remit those cash into the: "**Remittance of Fund Envelope**". All outlet cashier to report their cash following the procedure as follow:
 - 1.1.2.1** Front Office Cashier to submit their cash to General Cashier by put all cash receipt into the Remittance of Fund, with to include the Guest Folio.



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1.1.2.2 Then General Cashier to prepare a “**Daily General Cashier Report**” and the Income Auditor must to verify this report as the confirmation balancing process to cash receipt from Front Office.

1.1.2.3 All Outlet Cashier must to report every end of their Shift based on their **Summary of Sales** with procedures as bellow:

- To put all cash into the Remittance of Fund, then compulsory to fill “Deposit Log Box” with detail value of cash in side. Every cashier who dropped into “Drop Deposit Box (Night Safe Box)” has responsible to call a witness.
- All copy of guest check (Restaurant & Bar Check) and print out Summary of Sales be placed into Box for Night Auditor, next day morning the Income Auditor to check with the Daily General Cashier Report prepared by General Cashier.

1.1.2.4 Responsible to deposit all cash into the: “**Drop Deposit Box (Night Box)**” is a must that can not be neglect. Usually Drop Deposit Box is located in safe place and just only cashiers are allowed to enter.

1.1.2.5 Each Cashier who wants deposit her/his “Cash” must use a “Remittance of Fund” and compulsory to write the amount into the “**Deposit Log Book**” to gather with a Witness must to sign this Deposit Log Book.

1.1.2.6 Every day General Cashier must to collect the Remittance of Fund Envelope also with another witness, then to make “**Daily General Cashier Report**”. This report must be get verification from an Income Auditor as “double Check”. After deposit to the bank, Daily General Cashier Report together with a “**Bank Deposit Slip**” sends to Financial Controller to get approval for complete process.

1.1.2.7 When any Incoming Cash was receipt from outside the company activities i.e., Bank Loans, Paid Up Capital, Selling Fixed Assets, Prize etc.,) so these Incoming Cash can direct received by General Cashier by given a **Cash Receipt**, and to posting into the Computer System into the correct account code.

1.1.2.8 All “**Daily General Cashier Report**” that been complete in process must be sent to General Manager for his acknowledged all Incoming Cash been deposited into bank in daily basis.



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Incoming Cash Non Operating:

Incoming Cash Non Operating is any cash come into company bank account NOT THROUGH General Cashier, so a Secretary of Financial Controller must to prepare a “Reconciliation Journal Voucher”, the Incoming Cash as follow:

Incoming Transfer from Credit Card collection.

Inter Company Bank Account Transfer

Credit Note Bank as Travel Agent payment of Account Receivable or deposit

Bank Loans

Interest Earn on Bank Account

Interest Earn on Time Deposits

Foreign Exchange Gains

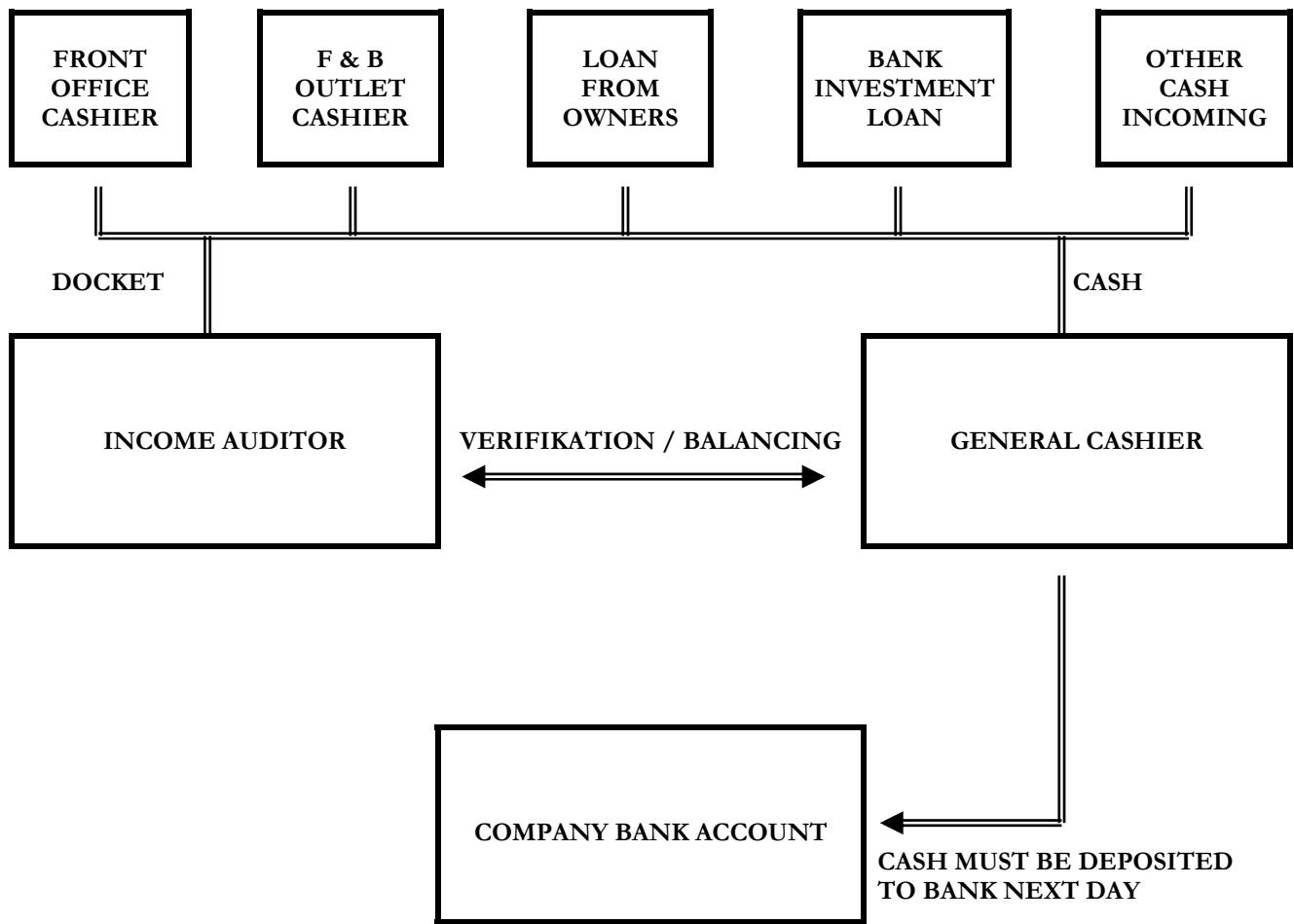
The above Incoming Cash is not through General Cashier, according to “Segregation of Duties” the General Cashier can not to prepare the “Bank Reconciliation”, so all these Incoming Cash only who to prepare a Bank Reconciliation will know then to prepare a Bank Reconciliation Journal Voucher.



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1.3 Flow Chart Incoming Cash

INCOMING CASH RECORDING CHART





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1.4 Remittance of Fund

To remit the cash from outlet to General Cashier must use an envelope that called:

REMITTANCE OF FUND ENVELOPE

Date _____		
Cashier's Name _____		
Outlet _____		
Shift _____	To _____	
		AMOUNT
Receipts		
Paid – outs		
Net Receipts		
BANK NOTES:		
RP. 100,000	X _____	RP.
RP. 50,000	X _____	RP.
RP. 20,000	X _____	RP.
RP. 10,000	X _____	RP.
RP. 5,000	X _____	RP.
RP. 1,000	X _____	RP.
RP. 500	X _____	RP.
RP. 100	X _____	RP.
FOREIGN CURRENCY		
	X _____	RP.
TRALLER CHEQUES		
	X _____	RP.
	X _____	RP.
TOTAL AMOUNT ENCLOSED		
NET RECEIPTS		
DIFFERENCE		



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1.5 Form of Drop Deposit Box Log Book

DROP DEPOSIT BOX LOG BOOK

Name of Outlet	Time of Deposit	Number of Envelopes	Signature of Cashier / Deposit	Signature of Witness	Signature of Person Removing from Safe	Signature of Witness to Removal
Date						
Sift A						
Sift B						
Sift C						
Sift D						
Total Envelopes						
Date						
Sift A						
Sift B						
Sift C						
Sift D						
Total Envelopes						
Date						
Sift A						
Sift B						
Sift C						
Sift D						
Total Envelopes						
Date						
Sift A						
Sift B						
Sift C						
Sift D						
Total Envelopes						
Date						
Sift A						
Sift B						
Sift C						
Sift D						
Total Envelopes						



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2.1 House Float

2.1.1 "House Float" is to keep enough money for hotel operation and be used to pay accidental payment in order to not disturbing Hotel Cash Management System to ensure the "Revolving Fund System" can be implemented by consistence.

2.1.2 House Float Management be used "Impress Fund System", in this system the amount of House Float must "Fixed Amount" and not change within one period of Accounting or Fiscal Period. To change House Float must get approval from Executive Committee (General Manager and Financial Controller) the procedure as follow:

The Old House Float must be withdrawn according to Accounting Standard Manual of The Sun Paradise Hotels Management.

Then issued a new amount would be bigger or smaller than old House Float, any change must be used the Standard Form according with Accounting Standard Manual of The Sun Paradise Hotels Management.

2.1.3 House Float divided by:

- Outlet Float (F.O Cashier, F & B Outlet Cashier; and Purchasing)
- House Bank (General Cashier Cash on Hand)

The Outlet Float divided into:

- Rotating Float
- Fixed Float
- Floating Float

2.1.3a Rotating Float in this system the money will be handed over from shift to next shift by using a "Float Handover Form".

2.1.3b Fixed Float in this system every cashier has their own Cash Float and 100% is their responsible



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2.1.3c Floating Float in this system all Floats have a characteristic is temporary and the amount set based on operation needed. And these Floats must be return back to General Cashier include all cash collection within one shift.

2.2 Using House Float

House Float use only for covering small change money for Front Office and all F & B Outlet for guest money change and “Paid Out” for guest only. This House Float can not be used for hotel expenses. If occurs some urgent payment for example guide commissions, purchasing urgent items to avoid guest complaint were allowed as “Cash Advance” and General Cashier will pay back within 2 x 24 hours.

“Paid Out” only for guests and not for payment of expenses, the guest takes Paid Out usually for:

1. To pay Taxi, then the paid out will post to Guest Folio (amount paid out plus 5% administration and bank fees).
2. Refund “deposit” for guests.
3. “Cash Advance”, this cash advance guest must guarantee with “Credit Card” and process through EDC complete, when intended credit card been approved and have approval code from Bank Issuer then “Paid Out” given to the guest with ask “SURCHAGES” 5% this 5% must be posted to SMILE System by using “Miscellaneous Charge”.



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2.3 Using House Bank

General Cashier's Cash on Hand (House Bank) use for reimbursement of operational expenses with urgent characteristic and the amount is not exceed RP 1,000,000,- (One Million Rupiah), any expense reimbursement must use to form "**Petty Cash**".

Petty Cash reimbursement must complete with docket such as invoice, this Petty Cash must be approved by General Manager, and then can paid from General Cashier Cash on Hand. When "**Petty Cash**" is not approved by General Manager, this "**Petty Cash**" can not be reimbursed.

When General Cashier Cash on Hand almost finish, so General Cashier has responsible to reimburse all Petty Cash Vouchers to Account Payable by preparing "**Petty Cash Report**" include the account code for expenses allocations.

Then Account Payable to prepare "**Payment Voucher**" in order to get Bank Cheque to replace the Petty Cash with same amount reimbursed.



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2.4 Form Cash Float Handover

HOSUE RECEIPTS CASH FLOAT

NOTE: THIS FORM TO BE FILED INTO THE ACCOUNTING PERMANENT FILE AS AUDIT PURPOSE.

City, _____ 20XX

_____ is hereby authorized and issued a cash float of _____

For the purpose of _____

Approved: _____
General Manager _____ Date

I hereby acknowledge receipt and custody of the above mentioned cash float. I further acknowledge that this float is to be used only for the purpose(s) specified, and that I am personally responsible and accountable for the float and its use.

Received: _____
Signature _____ Date

(To be used upon Return of Float to Issuer)

I acknowledge the return of the cash float mentioned above from the custodian, _____
The float has been received intact, and _____ is hereby relieved of all responsibility related thereto.

Received: _____
Signature _____ Date



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2.5 Form Cash Float Handover

To avoid any cheating between cashiers and for further investigation when some cases or any “Shortage” happen so in Hotel Cash Management must use “**Cash Float Handover**” as follow:

SHIFT CASH FLOAT HANDOVER

OUTGOING SHIFT _____ INCOMING SHIFT _____
AMOUNT _____ DATE _____

NOTES	NUMBER	AMOUNT	CASH COUNTED/HANDED OVER
500,000			BY: _____ SHIFT _____
200,000			SIGNATURE: _____
100,000			
50,000			
20,000			
10,000			
5,000			
2,000			
1,000			
500			
100			
COINS LOOSE			CASH COUNTED / RECEIVED
2,000			BY: _____ SHIFT _____
1,000			SIGNATURE: _____
500			
100			
FOREIGN CURRENCY			
US\$			
EURO			
POUND			
YEN			
OTHERS			
TOTAL			



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2.6 Form Cash Count Sheet

In order to make easy in monitoring hotel cash in every times, must be implemented Cash Inventory on Surprise Basis by using the form as bellow:

CASH COUNT SHEET

Date _____ Time _____

Float Holder _____ Witnessed by _____

Description	Type	Quantity	Amount	Total										
RP BANKNOTES	100,000													
	50,000													
	20,000													
	10,000													
	5,000													
	2,000													
	1,000													
	500													
	100													
RP COINS	2,000													
	1,000													
	500													
	100													
CURRENCY	US \$													
	EURO													
	POUND													
	YEN													
	OTHER													
Date	Other (Please Specify)													
Counted and returned intact to:		<table border="1"> <tr> <td>Total Cash on Hand</td> <td></td> </tr> <tr> <td>Less: Takings</td> <td></td> </tr> <tr> <td>Actual Float on Hand</td> <td></td> </tr> <tr> <td>Less: Float a.p Ledger</td> <td></td> </tr> <tr> <td>Variance +/-</td> <td></td> </tr> </table>			Total Cash on Hand		Less: Takings		Actual Float on Hand		Less: Float a.p Ledger		Variance +/-	
Total Cash on Hand														
Less: Takings														
Actual Float on Hand														
Less: Float a.p Ledger														
Variance +/-														
Counted / witnessed by:														



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2.7 Form Petty Cash Voucher

Any payment for hotel operations under than Rp. 1,000,000,- can reimburse by “**Petty Cash Voucher**”, as sample bellow:

PETTY CASH VOUCHER

No.: 000000

Tuban, _____ 2014

General Cashier,

Please pay to: _____

Rupiah: _____

RP. _____

For: _____

Account #: _____

Approved:

Payment Received:

Signature / Full Name

Financial Controller

General Manager



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2.8 Form Petty Cash Voucher Summary

To reimburse to Account Payable, General Cashier must prepare a **“Petty Cash Voucher Summary”**, as sample bellow:

PETTY CASH VOUCHER SUMMARY

Date: _____



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3.1 Cash at Bank

Any Incoming Cash must be deposited to company bank account, the company bank account for The Sun Paradise Hotels Management as follow:

1. PASSIVE - Bank A/C 00000000000000 for Rupiah (RP).
2. PASSIVE - Bank A/C 00000000000000 for United State Dollars (US \$)
3. RESERVE – Bank A/C 00000000000000 for Reserve of FF & E (RP)
4. ACTIVE –Bank A/C 00000000000000 for Hotel Operation

According to Hotel Cash Management procedures, any deposit slip must be equal amount with one day hotel operation cash receipt as at **Daily General Cashier Report**, disallow to deposit incomplete amount within one day cash receipt. Because will make difficult for control and bank reconciliation.

All cash receipt in US Dollar must be deposited into PASSIVE US Dollar Bank Account; other foreign currency must be change to Rupiah and reported loss or gain to **Daily General Cashier Report**, and then be deposited to PASSIVE **RP Bank Account**. The Bank Deposit Slip must be attached in Daily General Cashier Report for easy to control and reconcile.

3.2 Bank Reconciliation

The Bank Reconciliation is a “**Monthly Procedure of Cash Management**”, by to compare the cash balance at Company Ledger to bank balance as at Bank Statement.

By monthly **General Ledger** will to prepare “**Bank Reconciliation**”, by to compare bank balance as at Bank Statement to balance as at Company Ledger.

Usually some normal difference between Bank Statement and Company Ledger was occur by as follow:

- a. Deposit Outstanding or Deposit in Transit;
- b. Cheque Outstanding or Cheque in Transit;
- c. Bank Interest;
- d. Bank Fees.



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Deposit Outstanding or Deposit in Transit is deposit from Sun Paradise Hotels Management been submitted to bank, but did not appear in the Bank Statement. This deposit must appear to next month.

Cheque Outstanding or Cheque in Transit is cheque issued to third party or Suppliers, but did not cashing by third party or Suppliers to the bank.

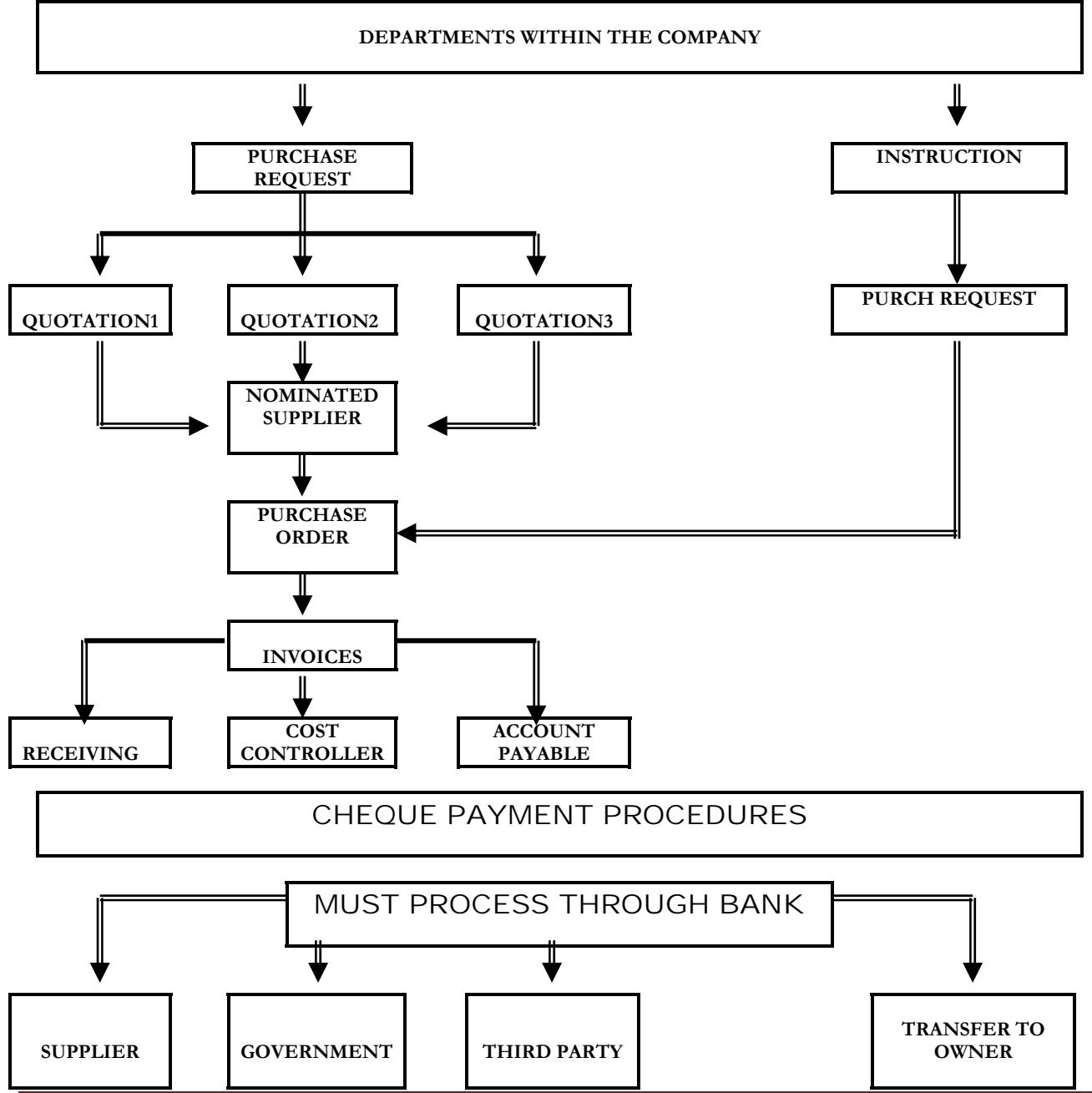
Bank Interest on Company Bank Account can called as **Interest Earn**

Bank Fees consist of:

- Cheque Book Fees
- City Transfer Fees
- Cross Regional Transfer Fees
- International Transfer Fees
- Provision on Foreign Account Maintain Cost
- Tax on Interest of Interest Earn
- Credit Card Discount Deduction
- Other Bank Fees

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3.3 Flow Chart based on Cheque Payment Procedure CHEQUE PAYMENT PROCEDURE





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3.4 Terminology in the Bank Reconciliation

3.4.1 DEPOSIT INTRANSIT/OUTSTANDING

Deposit of The Sun Paradise Hotels Management that deposited at end of month did not appear into PERMATA Bank Statement.

Example:

Even though The Sun Paradise Hotels Management have deposited the Cash Receipt every day, it is not have meaning no Deposit in transit, but still happen a deposit in transit because the end of month cash receipt will be deposited at least in the first of next month.

3.4.2 CHEQUE INTRANSIT/OUTSTANDING

Outstanding Cheque is cheques issued already by The Sun Paradise Hotels Management to pay third parties or suppliers but they did not encashing to the bank or the cheque still kept in Safe Deposit General Cashier.

Example:

The Supplier got the cheque payment from The Sun Paradise Hotels Management at 27 May 2014, but until 31 May 2014 this supplier did not encash the cheque to the bank. So this cheque did not appear in the Bank Statement of May 2014, but will be appearing in the June 2014 Bank Statement.

Whereas the other cheque payment until end of May 2014 the supplier did not collected to General Cashier, and this cheque still kept in the Safe Box General Cashier until June 2014.

So, those two samples must be listed into the “Cheque Outstanding”.



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3.4.3 REFUSAL CHEQUE (NSF = Not Sufficient Fund)

NSF is the cheque received by The Sun Paradise Hotels Management for Account Receivable collection or Agent's Deposit, but when clearing is refused with reason money not enough or Not Sufficient Fund.

3.4.4 BANK CHARGES/FEES

Bank Charges is an expenses deducted direct by Bank into the Company Bank Account against the bank service.

Bank Fees are consisting of:

1. Bank Cheque Fees;
2. Bank Transfer Fees;
3. Tax on Interest Earn;
4. Maintain Foreign Currencies Bank Account Fee;
5. Provision Bank;.

3.4.5 INTEREST EARNED

Interest Earn is an income of some money because the company put the money in the Bank for this interest the bank will credited the company bank account.



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3.5 Step to Prepare Bank Reconciliation

Preparing a Bank Reconciliation will follow step as below:

1. To compare cash deposit which is recorded into the Bank Statement with cash deposit recorded into Company Book. When occur some cash deposit not appear in the Bank Statement, this different was called as “Deposit in Transit atau Outstanding” and **must to increase the bank statement balance**.
2. To compare Cheques issued by the company, also be compared to the Bank Statement, any cheques not appear in the Bank Statement called as: “Cheque Outstanding”. Then compare “Cheque Outstanding List” last month must be updated and crossed out from the list when the cheque had been encash and appear in the Bank Statement.
3. Added up any “Credit Note Bank” to company ledger. The Credit Notes include “Interest Earn” this transaction must prepare a Journal Voucher then post to Ledger.
4. Reduce for any “Debit Note Bank” and post into ledger. The Debit Notes include Tax on Interest Earn (except posting Interest Earn – Net).
5. Prepare immediately a correction on misreporting or disposing by company employee or by bank.
6. After adjustment has been made, so the Ledger Balance Adjusted must equal with Bank Balance Adjusted, but not with Bank Statement Balance.
7. Prepare Journal Voucher Adjustment in order to make balance the Company Ledger as at “Bank Reconciliation.



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Sample of Bank Statement:

Bank Statement CIMB NIAGA - BANK		
Name	:	The Sun Paradise Hotels
Account No.	:	
Address	:	Tibubeneng Kuta Utara Bali - 80361
Opening Balance		\$ 324.81
Total Credit (5 Transactions)		\$ 7,490.00
Total Debit (12 Transactions)		\$ 2,182.41
Refusal Cheque		\$ 50.00
Bank Fees		\$ 8.00
Interest Earn		\$ 4.23
ENDING BALANCE		\$ 5,578.63
<u>DEPOSIT ADD CREDIT NOTE</u>		
Date		Amounts
27/12/2010		\$ 1,500.00 (normal deposit)
08/01/2014		\$ 500.00 (normal deposit)
18/01/2014		\$ 1,090.00 (normal deposit)
20/01/2014		\$ 500.00 (credit note)
23/01/2014		\$ 3,900.00 (normal deposit)
Date	Cheque #	Amounts
02/01/2014	1188	\$ 247.72
05/01/2014	1189	\$ 264.88
08/01/2014	1190	\$ 334.98
10/01/2014	1191	\$ 554.43
12/01/2014	1192	\$ 50.11
15/01/2014	1193	\$ 81.87
16/01/2014	1195	\$ 163.09
17/01/2014	1196	\$ 120.75
18/01/2014	1197	\$ 45.00
19/01/2014	1199	\$ 31.50
20/01/2014	1201	\$ 258.24
22/01/2014	1203	\$ 29.84



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After compare between Bank Statements with company record in Ledger found the different as follow:

Outstanding Cheques:

Cheque No.	Amounts
1194	\$ 75.00
1198	\$ 23.82
1200	\$ 146.58
1202	\$ 12.90

Outstanding Deposit:

Date	Amounts
31/01/2014	\$ 400.00

Bank Credit Note at 20/01/2014 amounting \$ 500.00

Cheque No. 1197 disposing recoded should be \$ 45.00 and posting to Ledger is \$ 54.00

Balance as per Ledger before Reconciliation at 31 January 2014 is \$ 5,265.10



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The Sun Paradise Hotels Management BANK RECONCILIATION As at Ending January 2014

Balance as At Bank Statement , 31 January 2014		\$ 5,578.63
Increase : Deposit 31/01/2014		\$ 400.00
Decrease : Outstanding Cheque		
# 1194	\$ 75.00	
# 1198	\$ 23.82	
# 1200	\$ 146.58	
# 1202	\$ 12.90	\$ (258.30)
<i>ADJUSTED BANK BALANCE</i>		\$ 5,720.33

Balance as At Ledger, 31 January 2014		\$ 5,265.10
Increase : Credit Note Bank	\$ 500.00	
Interest Earn	\$ 4.23	
Correction Cheque # 1197	\$ 9.00	\$ 513.23
 Decrease : Cheque Refused	\$ 50.00	
Bank Draft Fee	\$ 8.00	\$ (58.00)
<i>ADJUSTED LEDGER BALANCE</i>		\$ 5,720.33

Attachment:

- Photo Copy of Bank Statement
- Photo Copy of Deposit Slip
- List of Outstanding Cheques
- Print Out of Trial Balance