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SPHM
HOSPITALITY

ACCOUNTING POLICY S.O.P



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Series 1000

Accounting Policy

Subject: Accounting Policies

A-1001

- A. Policy. It is the policy of the club that all Accounting Policies are in written form, updated as necessary, stored in the club's Directives Database, made available to the club Controller, Department Heads, and Supervisors, and applied consistently in the conduct of club business.
- B. Discussion. Accounting Policies are an outline of the basic policies, procedures, and practices that govern the accounting functions of the club.
- C. Responsibilities
 - 1. It is the responsibility of the club Controller to propose Accounting Policies to the club General Manager.
 - 2. It is the responsibility of the Controller:
 - a. To ensure that all policies are kept current, that Department Heads and Supervisors are made aware of changes to policy,
 - b. To be the custodian of the Accounting Policies in the [Directives Database], and to notify Department Heads and Supervisors of changes to the Accounting Policies via e-mail.
 - 3. It is the responsibility of the General Manager to approve all new and revised Accounting Policies.
 - 4. It is the responsibility of Department Heads and Supervisors to review changes to Accounting Policies as they are announced.
- D. Administration
 - 1. Accounting Policies will be stored in the Directives Database and reviewed annually in February for revisions or changes.
 - 2. Revisions and changes will be announced to Department Heads and Supervisors via e-mail messages.
 - 3. Any Department Head or Supervisor may recommend changes in Accounting Policies to the Controller, however all policy additions and modifications must be approved by the General Manager. Likewise, matters of importance not covered or inadequately covered by policy should be brought to the attention of the Controller.
 - 4. Questions of interpretation of a policy shall be referred to the Controller or General Manager for clarification and resolution.
 - 5. As used in Accounting Policies:

- a. The words “shall” and “will” are to be construed as mandatory and the word “may” as permissive.
- b. The masculine gender shall be construed to include the feminine gender.
- c. “Controller” is the club employee designated to perform the accounting function.
- d. “Supervisor” (with a capital ‘S’) means an individual with the authority to assign, direct, and review the work of two or more subordinates but without budgeting and bottom line responsibilities. When used in a general sense (uncapitalized), it means any Supervisor, Department Head, or Manager.
- e. “Department Head” refers to the following or comparable positions with budgeting and bottom line responsibilities: Controller, Head Golf Professional, Golf Course Superintendent, Membership Director, Personnel Administrator, Clubhouse Manager, Chef, Dining Services Manager or Dining Room Supervisor, Director of Tennis or Head Tennis Professional, Activities Director, and Facilities Manager or Maintenance Supervisor.
- f. “General Manager” means that individual with “full charge” responsibilities for the club. “Manager” when used in a general sense (uncapitalized) means any club manager.
- g. “Directives Database” refers to the electronic version of the club’s policies and procedures maintained on the club’s server.
- h. [Bracketed Words] indicate reference to other Accounting or club policies.

6. Managerial Discretion

- a. Written policies and procedures cannot possibly cover every possible circumstance.
- b. The club hires individuals for management and supervisory positions based upon their education, experience, maturity, and demonstrated ability so that they may use their judgment when confronted by situations not covered by policies and procedures.
- c. While it is always recommended that management and supervisory staff consult with their superiors in these situations, circumstances may require an immediate decision or action. In such instances, management and supervisory staff should use their best judgment in making decisions or taking action.
- d. In this sense, policies and procedures are to be considered guidelines or the club approved way of doing things.
- e. As a result, any policy or procedure may be modified or ignored as the situation demands, except those derived from the requirements of federal, state, and local laws or regulations. These must be followed to the letter to protect managers and the club from legal action or regulatory censure and fines.

- f. Having been provided this leeway in decision making, management or supervisory staff must also understand that those who routinely and without good reason ignore club policies and procedures will be required to explain their actions and will ultimately be held accountable for their decisions.

Subject: Accounting Functions

A-1002

A. Policy. It is the policy of the club that Accounting functions be spelled out in detail and responsibilities assigned.

B. Discussion

1. Accounting is filled with fiscal, legal and regulatory issues and matters pertaining to operating performance, employee compensation and benefits, and economic viability of the club. For these reasons it is imperative that the club's Accounting functions be conducted professionally, transparently, and consistently. To do this, all matters of Accounting must be spelled out in detailed policies and procedures.
2. All management staff from General Manager to Department Heads and Supervisors must have a thorough understanding of Accounting Policies and their impact on their areas of operation.

C. Accounting Functions

1. Ensuring the club meets all federal, state, and local laws or regulations pertaining to its fiscal operation.
2. Ensuring that Generally Accepted Accounting Principles and Standards are applied in the exercise of all accounting responsibilities.
3. Establishing and maintaining a sound, thorough, and professional double-entry bookkeeping system to account for all the club's revenues, expenses, assets, liabilities, and retained earnings.
4. Efficiently and accurately processing all accounting transactions of the club.
5. Processing the club's payroll in a timely and accurate manner. Maintaining all required payroll records.
6. Timely and accurate billing of member accounts and other accounts receivable.
7. Prompt and accurate processing of vendor payments and other accounts payable.
8. Closing books at the end of each operating period and running a trial balance to ensure that all accounts balance. Investigating any discrepancies and making adjustments as necessary.
9. Preparing Monthly Financial Statements to include Profit and Loss Statement, Balance Sheet, and Executive Metrics Report.
10. Preparing various monthly management reports summarizing performance in various areas of operations.

11. Handling member billing inquiries in a timely and efficient manner.
12. Handling any necessary collections for the club.
13. Conducting or assisting in periodic inventories as necessary.
14. Serving as the resident expert on the property management and point of sale computer systems.
15. Facilitating the Annual Operating and Capital Budgeting process.
16. Ensuring that all state and federal sales, use, and withholding taxes are accurately computed and paid in a timely manner.
17. Ensuring appropriate internal controls to protect cash, inventories, and other club assets
18. Recommending changes to accounting policy and procedure to the General Manager.
19. Educating management staff in the details of accounting policy and procedure. Keeping management updated on all changes in accounting policy and procedure in a timely fashion.
20. Providing expert consultation to management regarding accounting matters. Investigating and researching issues where the matter or answer is unclear.
21. Notifying and briefing the General Manager of any serious accounting issues existing within the club.
22. Conducting periodic compliance inspections of club departments to ensure that all accounting policies and procedures are being followed.

Subject: Controller's Responsibilities

A-1003

- A. Policy. It is the policy of the club that the Controller is the staff member who is generally responsible for providing expert consultation regarding all matters of financial management and accounting at the club.
- B. Discussion. The responsibilities of the Controller are as follows:
 - 1. Executing all of the [Accounting Functions], A-1002.
 - 2. Keeping current with club accounting policies and procedures.
 - 3. Maintaining a printed reference copy of the most current accounting policies.
 - 4. Monitoring compliance of club accounting policies and procedures by all management staff. Reporting discrepancies or concerns to the General Manager in a timely fashion.
 - 5. Providing professional advice to the General Manager, Department Heads, and Supervisors on all accounting matters.
 - 6. Maintaining accounting records and evaluating accounting programs and policies.
 - 7. Providing feedback, recommendations, and suggested changes in accounting-related matters to the General Manager.
 - 8. Keeping the General Manager informed of all accounting-related issues or problems.
 - 9. Coordinating and monitoring the completion of all necessary operating and capital budgets in a timely fashion.
 - 10. Supervising accounting functions of the club.
 - 11. Managing and conducting internal auditing programs to assure that records are accurately maintained and that established policies and practices are satisfactorily and consistently followed.
 - 12. Analyzing financial information, monitoring budgeted versus actual expenditures, and advising management about variances and their potential causes.
 - 13. Periodically participating in and verifying various inventories for beverages, food, supplies, equipment, furnishings, etc.
 - 14. Supervising accounting staff.
 - 15. Maintaining and troubleshooting the club's computer hardware and software.

16. Establishing, maintaining, and monitoring compliance with the club's Internal Control Plan.
Alerting management to discrepancies and instances of failure to follow the plan.
17. Performing any other duties that may be assigned or are logically connected to financial and/or accounting duties.

Subject: Managers' Fiscal Responsibilities

A-1004

A. Policy. It is the policy of the club that General Managers and Department Heads exercise fiscal responsibilities for their areas of the operation.

B. Discussion

1. Managers are responsible for the financial performance of their departments. These responsibilities can be broken down into the following broad categories:

a. Budgeting

(1) Budgeting is the process of establishing a financial operating and capital plan for a future fiscal year. Budgets are formulated using past history, benchmarks, knowledge of upcoming events or trends, and one's best professional judgment.

(2) Managers are responsible for developing [Annual Budgets].

b. Comparing Actual Performance to Budget

(1) Once approved, budgets are the fiscal plan for the year.

(2) Managers are responsible for comparing actual performance to budgets on a monthly basis and intervening as necessary to achieve budget goals. See [Monthly Review of Operating Statements] and [Tools to Beat Budget] for more information.

c. Achieving Revenues

(1) Achieving revenue projections is one of the two primary means of meeting budgets (the other being controlling expenses).

(2) Managers are responsible for monitoring revenues by means of the [Weekly Activity Report] and aggressively intervening when revenues fall short.

d. Controlling Cost of Goods Sold

(1) Departments with retail operations (Golf, Food, Beverage, and Tennis) also must control the cost of goods sold and investigate high cost of goods sold by [Cost of Goods Sold Analysis].

(2) Managers can control Cost of Goods Sold by ensuring accurate [Monthly Resale Inventories], carefully tracking [Departmental Transfers] and [Adjustments], and using an [Annual Retail Buying Plan].

e. Controlling Payroll Costs

- (1) Payroll is the single largest expense in Club operations. Controlling payroll costs is the single most important expense that managers must control. The [Pay Period Summary Report] and the [Departmental Payroll Summary Analysis] are effective tools to compare actual to budgeted payroll costs.
- (2) In order to control payroll costs, it is essential that managers have timely and accurate data regarding their departmental payroll cost. Essential to getting this data is correctly following timekeeping procedures, setting schedules to meet forecasted levels of business, and the dogged determination to track payroll expenses closely to ensure that budgets are not exceeded.

f. Controlling Other Expenses

- (1) Other Expenses comprise all of the other departmental operating expenses.
- (2) Managers control expenses by carefully reviewing expenditures on a monthly basis, using [Tools to Beat Budget] to monitor expenses by expense category, and by periodic in-depth reviews of significant expense accounts.

g. Benchmarking

- (1) [Benchmarking] is the act of measuring operating performance.
- (2) Department Heads are required to track detailed benchmarks for their areas of the operation. See [Benchmarking Responsibilities] for more information.

h. Pricing

- (1) The starting point for meeting revenue projections is proper [Pricing of Products and Services] to ensure a sufficient markup to cover associated expenses.
- (2) Pricing should be reviewed on a periodic basis to ensure that budgeted margins are being maintained.

i. Purchasing

- (1) Managers are responsible for purchasing materials, supplies, and inventories for their departments.
- (2) Managers must be familiar with all club purchasing policies (Accounting Policies – 400 Series) to properly fulfill these responsibilities.

j. Expense Coding

- (1) Managers are responsible to ensure that invoices for all purchased items are coded to appropriate expense accounts in a timely, accurate, and consistent manner.
- (2) See [Expense Coding] and [Expense Dictionary] for more information.

k. Inventory Management and Security

- (1) Given that high inventory levels tie up capital that might be put to better use elsewhere, managers must use common sense and good business judgment to maintain inventories at levels that balance business demands, lower pricing for bulk purchases, perishability of stock, and available warehousing space.
- (2) Inventories must be kept secured with access limited to as few individuals as possible. See [Storerooms and Par Stocks] for more information.
- (3) Storerooms must be kept neat, clean, and organized to facilitate physical inventory counts and minimize damage and spoilage.
- (4) Retail inventories should be purchased using an [Annual Retail Buying Plan] and tracked by [Retail Benchmarking], thereby constantly monitoring inventory levels and product mix while minimizing markdowns. All discounted merchandise sold during the year should be noted and marked-down items analyzed in comparison with the Annual Retail Buying Plan to ensure that lessons are learned from buying mistakes.

l. Asset Management

- (1) Managers are responsible for protecting the assets assigned to their departments and in their care.
- (2) Periodic inventories are required for various assets. See inventory policies (Accounting Policies – 4500 Series) for more information.

m. Internal Controls

- (1) Managers are responsible for ensuring the efficiency of their operations and the security of all assets in their care.
- (2) Further, they must ensure they follow all requirements of the club's internal control policies (Accounting Policies – 9000 Series).

n. Point of Sale Transactions

- (1) The initial entry for all revenue data is through point of sale systems.
- (2) Managers are responsible for training their employees to correctly use the POS system and to retrain as necessary when a pattern of errors is evident in their departments.

o. Accounting Policies and Procedures

- (1) Managers should be familiar with all aspects of club Accounting Policies and Procedures.
- (2) Managers are expected to follow all Accounting Policies and Procedures and recommend changes as necessary.

Subject: Accounting Records

A-1005

A. Policy. It is the policy of the club that Accounting Records be established, filed, maintained, and kept secure by the Controller.

B. Discussion

1. Federal and state laws and regulations, as well as sound business practices, require businesses to maintain accounting records for specific periods of time.
2. Sound administrative practices dictate that the club establish and maintain standard accounting files. These records allow financial audits of operations, research and analysis of past performance, and provide a location to file monthly financial statements, member charge slips and monthly statements, employee payroll records, and other pertinent accounting records.

C. Responsibilities

1. The Controller is responsible for establishing the system, format, policies, and procedures for properly maintaining the club's accounting files.
2. The General Manager is responsible for ensuring that Department Heads follow all club policy and procedure relating to accounting records.
3. Because of the sensitive nature of the material in accounting records, it is the responsibility of the Controller to safeguard accounting records. All information in accounting files is considered confidential and will not be provided to anyone who does not have a direct need to know. Failure to safeguard accounting records may result in disciplinary action. See [Confidentiality of Accounting Records] for more information.
4. The Controller is responsible for ensuring that all forms and records submitted for inclusion in accounting files are filled out correctly, completely, and legibly.
5. Department Heads are responsible for correctly filling out and submitting various forms and records to the Controller for inclusion in accounting files.

Subject: Confidentiality of Accounting Records

A-1006

A. Policy. It is the policy of the club that Accounting Records are confidential and that no financial information be disclosed to anyone outside the club without the express approval of the General Manager.

Subject: Filing Requirements for Accounting Records

A-1007

A. Policy. It is the policy of the club that Accounting Records be filed for future reference according to the following requirements.

B. Filing Requirements

1. Daily Point of Sale Reports and records of individual transactions	10 years
2. Check registers and bank statements	10 years
3. Bank reconciliations	10 years
4. Credit card settlement reports	10 years
5. Inventory counts, transfers, and adjustments	10 years
6. Cost of goods calculations	10 years
7. Accounts receivable aging reports	10 years
8. Vendor registers	10 years
9. Vendor invoices and payments	10 years
10. Group insurance invoices and payments	10 years
11. Workers Compensation	10 years
12. Property tax	10 years
13. Payroll registers and other pay records	12 years
14. Calculation of commissions, lessons, and other employee compensation and reimbursements	10 years
15. Payroll tax	12 years
16. Withholding tax	12 years
17. Monthly Financial Statements	Permanent
18. Monthly general ledger detail reports	Permanent

Subject: Modification of Policies

A-1008

A. Policy

1. The club reserves the right to expand, modify, or revoke any policy at any time.
2. While the club will make every effort to keep the Directives Database current, there may be times when policy changes before the database can be revised.

B. Procedures

1. When Accounting Policies are changed in any way, the changes will be reflected in the Directives Database.
2. The Controller will notify all Department Heads and Supervisors of changes by e-mail announcement.
 - a. All notified individuals will visit the Directives Database and review the changed information as soon as possible. As a convenience to readers, modified (added, deleted, or changed) material will be highlighted for a period of 14 days to allow readers to review changes without having to read the entire document. Those without access to the Internet must be informed by other means.
 - b. The Controller, who is required to keep a printed reference copy of all Accounting Policies, will download and print any changed policies and update the reference book as soon as possible.

C. Suggestions/Recommendations for Changes

1. Suggestions and recommendations to clarify, expand upon, simplify, or otherwise improve policies, procedures, and related forms are encouraged and welcomed.
2. Any Department Head or Supervisor with suggestions or recommendations for changes to policy, procedure, or forms, should contact the Controller.
3. If in agreement with the suggestion or recommendation, the Controller will draft the modified version of policy, procedure, or forms, circulate it as necessary for comment, and submit it to the General Manager for approval.

Subject: Accounting Forms

A-1009

- A. Policy. It is the policy of the club to facilitate Accounting Policies and Procedures with pre-designed accounting forms.
- B. Discussion
 1. Forms have been designed for most accounting functions and are resident on the Directives Database.
 2. Certain forms support the club's internal control function and must be pre-numbered and controlled.
 - a. Controllers should download these forms and take the template to local printers for printing. Pre-numbered forms usually will be printed in a multi-part, no-carbon-required (NCR) format. The number of parts or pages should be determined by the anticipated use of the form. See [Internal Control Forms] for more information.
 - b. Pre-numbered forms must be controlled by the Controller, i.e., when signed out to any operating department, the issued numbers must be recorded and signed for by the receiving supervisor using the Controlled Form Sign-Out, [CRI Form 235].

C. Suggestions/Recommendations for Changes

1. Suggestions and recommendations to clarify, expand upon, simplify, or otherwise improve forms are encouraged and welcomed.
2. Any Department Head or Supervisor with suggestions or recommendations for changes to forms should contact the Controller.
3. If in agreement with the suggestion or recommendation, the Controller will draft the modified form, circulate it as necessary for comment, and submit it to the General Manager for approval.