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SPHM
HOSPITALITY

HOTEL INCOME MANAGEMENT POLICY




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Series 300

Hotel Credit Management Policy

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		Effective:	
	SUBJECT Hotel Credit Policy	PREPARED BY: Financial Controller	APPROVED BY: Hotel General Manager

POLICY:

This is a Standard Operating Procedure of Hotel Management, which is to regulate any “Credit” be granted in relation to maximize the hotel sales. This policy must be implementing from time to time in order to minimize credit risk and to prevent for un-collectable hotel account receivable.

In order to maintain consistent treatment in this Standard Operating Procedure any negligent person should refer to this procedure and will be regulated further into the Hotel Management House Rule.

PROCEDURES:

Reservations:

Credit must be reviewed starts at the time a guest makes a reservation. If proper procedures as followed at this stage by the Front Office Clerk / Reservations, credit risks can be minimized.


Reservation Information:

Reservations may be received by Letter, Facsimile, Telephone, and Travel Agency Voucher or through personal contact. The following information is required for a reservation:

- Guest Full Name
- Company Affiliation
- Arrival and Departure Dates
- Type of accommodation and special requirements
- Agreed Room Rate
- Method of Payment
- Whether the reservation is to be guaranteed for late or non-arrival
- Form of guarantee for guaranteed reservations
- Name, title, address and telephone / fax number of the person making the reservation.

1. Established Company Accounts:

If the company has already established credit facilities, a letter of authorization will be required. The letter of authorization must be on official company letterhead, must specify what charges the company will bear responsibility for (e.g., personal bar, telephone calls etc.) and must be received prior to the arrival of the guest. This letter will be reviewed by the Front Office Manager, taking into the account the credit facilities granted and current state of the account, prior to the finalization of billing instructions on the guest's reservation.

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All correspondence relating to the reservation will be forwarded to Reception for subsequent attachment to the registration card.

2. **New Accounts:**

If the company or individual has not already established credit facilities, the Financial Controller must be consulted.


If time permits, the reservation may be confirmed contingent on the subsequent approval of credit. A Credit Application Form will then be sent to the company for completion and return. The guest must be advised that if the form is not returned or the Finance Department has not been able to complete their research by the guest arrival date, the account must be settled on departure.

3. **Credit not Requested:**

If credit is not requested at the time of booking, all confirmation correspondence sent by the Reservations must be indicating the methods of payment accepted by Hotel Management. This includes selected credit cards, cash or travelers cheques in major foreign currencies and possible in RUPIAH Travelers Cheques. It should also be stated that personal or company cheques will not be accepted unless prior arrangements have been made with the "Hotel Management".

4. **Telephone Reservations:**

No credit arrangements can be made by telephone, The Front Office Clerk / Reservations must request a formal letter of authorization of Fax for confirmation of account billing instruction.

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5. **Voucher Reservations – Established Travel Agents:**

If a Travel Agent has established credit facilities with “The Hotel Management”, the Front Office Clerk / Reservations can confirm the reservation on receipt of a Travel Agent Voucher. The commission information must be entered into the reservation system and the voucher forwarded to Reception.

On Receipt of a Travel Agent Voucher, the Front Office Clerk / Reception must check the details to confirm which charges are to be billed to the Agent and which charges are to be settled by the guest on departure.

6. **Voucher Reservation – New Travel Agents:**

If a Travel Agent has not yet established credit facilities with “The Hotel Management”, the reservation should be confirmed but the agent must be advised that either a prepayment be received or the guest will have to settle his account on departure.

Vouchers from Travel Agents who have not established credit facilities may be honored where lack of time prevents a credit check or prepayment or in cases where the guest has already checked in. A Credit Application Form will be sent to the Travel Agent advising that no further credit will be extended until the necessary procedures have been completed.


Registration / Check - In:

Proper Check – In Procedures:

Credit risks will occur when Front Office Clerks accept incomplete Registration Cards. This lack of information reduces the ability to collect amounts due from late charges or “skippers”. Such un-collectable accounts will become the responsibility of the negligent clerk.

The Front Office Clerk’s primary responsibility at registration / check – in is therefore to ensure that the guest’s full name, complete address, length of stay, method of payment, passport number (or other acceptable identification cards) have been noted and that the guest signs the card. This also applies for return guests.

In the case of VIP check – ins, the Front Office Clerk can pre-register the guest. The guest will still be required to sign the registration card, at which time the method of payment should be confirmed.

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1. Company Payment:

For guests with reservations and pre-arranged credit facilities, the Front Office Clerk should complete the following steps:

- If applicable, check the letter of authorization or compare the guest and hotel copies of the Travel Agent Voucher.
- Inform the guest of what charges he is entitled to bill to the account and what must be settled on check – out.
- Verify the rate and length of stay.
- Advise the guest that he must settle his bill at check – out if required documents are still incomplete at that time. Under such circumstances, a previously arranged room rate may no longer apply

2. Credit Card Payment:


The Rich Prada Bali Management accepts the following credit cards:

- American Express
- BCA Card
- Diners Club
- Master Card
- JCB
- Visa Card
- Authorized Bankcard (will be arranged with specific bank)

If the guest wishes to pay by one of the above credit cards, the Front Office Clerk / Reception should complete the following steps:

Procedure as Guarantee:

- Take an imprint of the card on the appropriate credit card sales draft and ensure that the name and number are imprinted legibly on all copies of the voucher. It is recommended that an imprint of the credit card be taken on the Registration Card for reference.
- Check the credit card expiry date.
- Compare the signature on the credit card to the signature on the Registration Card.
- After Registration Card has been completed Front Office Clerk / Reception has to make sure this imprint credit card be attached with Registration Card.

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Should authorization not be granted by Bank or Credit Card Company, the Front Office / Reception must immediately notify the Front Office Manager or Assistant Front Office Manager

3. Cash Payment – with a reservation:

Should a guest with reservation not wish to pay by credit card, the Front Office Clerk / Reception must inform the guest that he will be required to settle his account by cash (or travelers cheques) prior to check – out. Should the guest's account balance exceed the The Hotel Management floor limit i.e., US \$ 100 (One Hundred United States Dollars), the guest will be requested to make interim payment and settle the balance on check – out. All accounts that will be settled by cash must appear on the **“Daily High Balance Report”**, that will be provided by HOTEL System.

4. Cash Payment – without a reservation:

Should a walk – in guest (without a reservation) not wish to pay by credit card, the Front Office Clerk / Reception must request an advance payment. The amount of the advance payment should be 1.5 times the room rate by the number night the guest is staying.


The guest should be referred to the Front Office Clerk / Reception to make the payment. The credit is posted to the guest's folio, a copy of which is attached to the guest's copy of the receipt.

All walk – in accounts will be closely monitored by both the Front Office Clerk / Reception and Front Office Manager / Assistant Front Office Manager, particularly those who have arrived with little or no luggage. The Registration Card will be stamped **“NO LUGGAGE”** to serve as a constant reminder. For walk – in guests (e.g. V.I.P, Regular Guests etc.) the above will not apply but management must be consulted at time of check – in.

5. Cheque Payment:

Should a guest wish to pay by cheque, he must be informed that personal cheques are not accepted by The Rich Prada Bali Management and that company cheques may only be accepted after prior Management authorization. If authorization has not been obtained, another method of payment must be obtained.

If settlement by company cheque has been authorized, the Finance Department will, time permitting; obtain account clearance from the guest's bank for the estimated amount of the bill. The balance of the guest's account must be monitored to ensure that it does not exceed the amount of the cheque, or the amount for which it has been cleared.

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The cheque must be made payable to **THE HOTEL MANAGEMENT** and should be drawn on a Hotel Bank Account and amounted in **RUPIAH or US Dollars**.

Notes:

Should the cheque amount be greater than the hotel bill, the Front Office Clerk / Reception may refund the difference to the guest upon departure.

Under no circumstances whatsoever may a cheque be accepted for payment, which is drawn on a third party in favour of the holder of the cheque. The drawing of a forged or fraudulent cheque by third party is generally not a violation of the law.


Airline Layovers:

Guests who are being provided with accommodation and meals due to flight delay are generally given voucher by the airline.

At check – in, the Front Office Clerk / Reception must ensure that the vouchers are properly dated and stamped by the airline. The vouchers should be attached to the individual Registration Cards and then forwarded to the Front Office Clerk / Reception.

If a passenger does not have a voucher and the matter cannot be resolved with and airline representative prior to check – out, the guest must be informed that he will have to settle the entire bill at the full room rate and claim reimbursement from the airline. Any refund will be reimbursed directly to the airline when the matter has been resolved.

All incidental charges incurred by layover guests, who are not covered by the airline voucher, must be paid by the guest on check – out.

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Guest In - House:

During the guest's stay in our hotel, the Front Office Manager will follow up on credit checks with the aid of the Daily High Balance Report which is produced as part of the Night Audit procedures from HOTEL System.

The High Balance Report lists all guests whose account balance exceeds US \$ 100 credit limit. Copies of the report should be distributed to the General Manager and Financial Controller.

The Front Office Manager will follow – up all accounts over the established credit limits to ensure that the appropriate credit procedures are complied with.

1. Company Payment:

For accounts to be settled by a company with credit facilities, the Front Office Manager will ensure that a letter of authorization is on file and that only those charges authorized are to be billed. For long staying guests, the charges must be transferred to City Ledger on a weekly basis and billed, unless other arrangements have been made and approved.

2. Credit Card Payment:

If the guest's account amount exceeds the credit card floor limit (as specified by each credit card company), then charge approval must be obtained from the company in question. Approval should be requested for an amount approximately 10% in excess of the anticipated charges.


If prior approval has already been obtained for a guest's card and his / her account has exceeded the authorized amount, further approval on the same authorization number be obtained.

3. Cash Payment:

An interim payment must be sought for all cash accounts over the credit limit. The first payment request will be handled by the Front Office Manager politely and diplomatically through the use of a standard notification letter. (Sample attached). Follow up will then depend on the response from the guest.

The Front Office Manager must be kept aware of guest special rates, transfers of accounts, day use rooms, extended stay charges, change of occupancy etc. during their stay.

If they guest wishes to depart after the check – out time of 12 Noon, but before the late – check – out time of 02 PM a charge of 50% of the room rate is imposed. Guests checking out after the late – check – out time will be charged the full room rate.

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Guest late Checking – in will be charged the full room rate as additional charged.

Cash Paid Out:

All Paid – out vouchers must bear the appropriate approval signature indicating prior authorization of the payment in addition to the guest's signature and the Front Office Clerk / Reception initials. The guest must be charged on extra 5% of paid – out amount. The fee and net Paid – out must be shown separately on the Paid – out voucher and posted individually to the guest's folio.

1. Guest's Disbursement:


Cash payments may be made at the guest's request for taxi fares etc., but should be kept to a minimum. The description of the reason for the paid – out must be noted on the voucher. All paid – outs of this nature up to RUPIAH 500,000, - must receive prior authorization from Front Office Manager or Manager on Duty. Payment in excess of RUPIAH 500,000, - must receive prior authorization from General Manager. The Paid – out voucher must be signed (not initialed) by the guest to acknowledge the transaction and charged to his / her account immediately.

2. Guest's Cash Advance:

No cash advance will be paid – out, without prior approval of the General Manager. The notation **"Cash Advance"** must be noted on the voucher and the guest must sign (not initial) the voucher to indicate receipt of the cash.

3. Credit Card Paid Outs:

Credit card Paid – outs should be discouraged. When there are extreme circumstances prior approval must be obtained from the Front Office Manager or Manager on Duty up to USD. 500, provided that a 5% surcharge is added to the account to cover the credit card and commission fees.

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Skippers:

Should a guest “skip” from the hotel without settling his / her account, the Front Office Clerk / Reception must refer the matter to the Front Office Manager by immediately. The Front Office manager should then try to gather any relevant information and description of the guest and e-mailed this to the other hotels. The registration card and any reservation documentation must also be checked to provide the Financial Controller with as much follow – up information as possible.

The trend of would – be skippers are normally those paying by cash and can be observed by the following:

- Unusually high Food & Beverage charges
- Excessive overseas Telephone Calls
- Excessive Paid – outs
- “Slip Out” or “DND” on the Housekeeping Report
- No charges other than room charges for several days.

Late Charges:


Long Distance Telephone calls, Mini Bar Charges and other charges form the bulk of late / after departure charges. Now the era of IT was not full interfacing, so always the problem was on Mini Bar, so any guest check – out the Front Office Clerk / Reception must inform to Housekeeping to check the Mini Bar consumed of the relevant guest, but also possible late charges will happen for Restaurant & Bar Charges as result negligent of Outlet Cashier in this case an outlet cashier must be responsible to pay.

In special case for late charges, can be solved by Sign on File (SOF) when the guest paid their bill by his / her credit card, every SOF made by the hotel the guest must be informed by mail or e-mail.

Disputed Charges:

The Front Office Manager or Duty Manager is allowed to rebate from the guest’s account charges disputed for amount under US\$ 25 - without prior approval from General Manager.

However, a rebate voucher must be prepared with all relevant information for subsequent approval of General Manager or Financial Controller. All amount over than US\$ 25 - will need prior approval from General Manager or Financial Controller before writing off the guest’s account.

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Check – out / Payment:

Upon check – in, guests without credit facilities will have indicated that they wish to settle their accounts by one of the following methods:

- Cash
- Travelers Cheques
- Personal / Company Cheque
- Credit Card

1. Cash Payment:


Should a guest wish to settle his / her account with a foreign currency, a currency exchange voucher must be completed and signed by the guest. This is required by Bank Indonesian Regulation as well internal control purposes. The relevant rates of exchange will be displayed at the Front Desk and will be change as notified by General Manager.

The Hotel Management will only convert a Marketable Foreign Currency into the RUPIAH and **not vice versa**. Indonesian Bank Regulation restricts the sale of foreign currency.

2. Travelers Cheques:

The following steps must be observed when a guest chooses to settle his / her account by Travelers Cheques:

- The guest presenting the Traveler Cheques must be the owner of the Traveler Cheques and he / she must counter sign the Travelers Cheques in the presence of a Front Office Clerk / Reception.
- The guest's signature must be compared to a passport signature. If the signature differs slightly from the original cheque signature or the signature in the passport, then the guest must be requested to sign again, on the back of the cheque.
- The guest name, passport number and room number must be recorded on the back of the cheque.
- If the travelers' cheques are denominated in foreign currency, a currency exchange voucher must be completed and then signed by the guest.

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3. Personal Cheque:

Payment in the form of personal cheques must be discouraged. If a personal cheque is to be accepted, the guest must request prior approval from The Hotel Management.

When accepting the cheque, the Front Office Clerk / Reception must note the following on the back of the cheque:

- Full name of the guest and Room Number.
- Full address and telephone number
- Identification number such as passport

The approving from Front Office Manager or Duty Manager must also initial in the back of cheque.

The cheque must be made out to THE HOTEL MANAGEMENT and under no circumstances may third party or postdated cheques be accepted.

4. Company Cheque:

Payment by company cheque may be accepted with the prior approval of The Hotel Management
When accepting the cheque, the Front Office Clerk / Reception should note the following on the back of the cheque:

- Full name of the guest and room number


The approving of Front Office Manager should also initial the cheque.

5. Credit Card:

When completing the credit card voucher (which was obtained on check – in), the Front Office Clerk / Reception should ensure the following:


As settlement guest folio by continuing “Open Credit Card Imprint”:

- The open imprint Credit Card can use just put the amount same amount with guest folio.
- The guest must sign the Guest Folio and the signature must be compared to the signature on the back of the card.
- The complete name, number and expiry date of the card must be clearly imprinted on all copies of the voucher (this should also have been verified on check – in)
- If the charge amount to be paid is over the floor limit set by the credit card company, then the guest has to call to “Bank Issuer of Credit Card”.

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As settlement guest folio do another used EDC:

- Destroy the old imprint Credit Card in front of the guest and ask the credit card the sweep to EDC Machine.
- Put correct amount, then ENTER for processing settlement.
- When no problem or the transaction been approved directly coming out and printing.
- But when come out message as following:
 - a. Declined meaning the transaction to big, so the Front Office Clerk / Reception can to reduce the amount, but the rest must be paid by another payment method.
 - b. Call meaning the card holder requested to call his / her bank issuer cause any little problem with his / her administration with bank issuer
 - c. Hold meaning the Front Office Clerk / Reception be instructed to hold that Credit Card maybe as reason of misuse.
 - d. Expired meaning the card be swept was expired.

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Charge to City Ledger:

Accounts billed to the City Ledger are classified into the following categories:

- Current / Transient (Company / Individuals)
- Functions / Meeting / Banquets
- Travel Agents / Tour Groups / Airlines.

Current / Transient:

This category consists of all guest account either with regular credit facilities (Current) or those approved for one time charge (Transient). All charges transferred to this category must have received prior management approval.


Under no circumstances must any of the original documents posted to the account (e.g. F & B Checks, Paid – out Vouchers etc.) be given to the guest. In the event of a query, a photocopy may be presented.

Functions/ Meetings / Banquets:

Charges for Banquets and Functions must be handled in a manner similar to current / transient accounts. The banquet checks must however be presented for the host's signature immediately at the conclusion of the function.

Travel Agents / Tour Groups / Airlines:

Charges for these accounts must generally be support vouchers issued by the Agents / Tour Company / Airlines Credit is extended in conjunction with the Sales Department. Guest must settle any charges not covered by the voucher

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Food & Beverage Charges to City Ledger:

Established Company Accounts:


If the company has already established credit facilities, a letter of authorization must be requested by the Food and Beverage Manager. The letter of authorization must be on official company letterhead, must specify what charges the company will be responsible for e.g. Food and Beverages and must also state the name of the guests who will be dining.

All correspondence relating to Restaurant reservation should be copied and forwarded to Account Receivable prior the reservation dates.

New Accounts:

If the company or individual has not already established credit facilities, the Financial Controller must be consulted.

If time permits, the Restaurant reservation maybe confirmed contingent on the subsequent approval of credit. A Credit Application will be sent to the company or individual for completion and return, the company or individual must state the names of people using the account and supply specimen signatures. Its should also be stated that personal or company cheques will not be accepted by The Hotel Management unless prior arrangements have been made with Management.

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Billing & Collecting Procedures:

Billing:

All invoices will be sent to the guest's billing address within three days of departures unless alternate arrangements have been made. Statements of Account will be sent no later than eight days following the end of the month. The Hotel Management will always retain the original letter of authorization.

Collection Reminders:

There will be a maximum of four reminder sent for an individual account.

1. First Reminder:

After the account is over 30 days old, a telephone call will be made reminding the customer that his / her account remains unpaid. This is followed by a polite letter and in no way will reflected any doubt on the customer's ability or intention to pay, nor will it suggest to possibility of referring the account to a collection agency.

2. Second Reminder:


Fifteen days after the First Reminder, the Second Reminder will be sent. This letter will be worded more strongly than first but will remain polite.

3. Third Reminder:

Fifteen days after the Second Reminder, the Third Reminder will be sent. A registered letter or recorded delivery will be sent informing the guest that credit facilities will be suspended if the payment is not received immediately.

4. Fourth Reminder:

Fifteen days after the Third Reminder, the Fourth and final reminder will be sent. A registered letter or recorded delivery will be sent advising the customer that credit facilities have been cancelled and that the account will be referred to a lawyer in the payment is not received within fifteen days.

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Standard Overdue Letter:

City, _____

Mr/s: _____

Room No.: _____

Dear _____


Due to our checking to your hotel bill as at today _____ dated _____ your outstanding US\$. _____, that was over credit limit to our hotel policy.

When you are wish to pay some interim payment, please come to our Front Desk and to meet myself when you are need to make special arrangement with us.

Thank you for your staying with our hotel.

Best regards,


Front Office Manager

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Standard First Reminder Log:

FIRST REMINDER LOG

Date	Agents to be reminded	Person to contact	Inv. No.	Response / Follow up

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Standard Second Reminder Letter:

City, _____

Dear _____

We are pleased with our relationship with your company. To encourage and promote these relationships, we often provide credit to your company to allow more convenience and flexibility.

The attached unpaid invoices as follow:


Inv. No.	Dated	Your Reference No.	Client Name	Amount Due
Total Due				

Those invoices are past due. Unfortunately, we did not receive any payment for those invoices.

It would be greatly appreciated if you would pay those invoices as soon as possible. If you have already made payment, please disregard this notice and accept our apologies.

Thank you,

Credit Department

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Standard Third Reminder Letter:

City, _____

Dear _____

Re: Second Notice of Past Due Account

This note is to remind you that payment of invoices below:

Inv. No.	Dated	Your Reference No.	Client Name	Amount Due
Total Due				

Those are now seriously past due.


Perhaps your check and this reminder are crossing each other in the mail or the missed payment is due to an oversight or other pressing matters. If there are reasons why you are unable to make full payment, please provide us with an explanation and reply promptly upon receipt of this letter.

We request that you investigate this delinquent payment and either promptly send us a check for the amount due or let us know of your reason for being unable to make full payment upon receipt of this letter. In order to effectively manage our business; please note that we must refer our delinquent accounts for collection. We hope to continue our business relationship with you in the future.

Thank you for your cooperation.

Sincerely,

Financial Controller

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Standard Fourth Reminder Letter:

City, _____

Dear _____

Re: Final Notice of Past Due Account


This notice concern the balance due from you of the invoices as below:

Inv. No.	Dated	Your Reference No.	Client Name	Amount Due
Total Due				

We have never received payment. We have decided to assign your delinquent account for collection in order to collect the balance due to us. While this is not a decision we make hastily, it appears this is only alternative we have in collection on your account.

Respectfully,

General Manager

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CREDIT APPLICATION

Confidential

Name _____

Address _____

Billing Address _____

Contact Person _____ Telephone _____

Booked by _____ Telephone _____

Deposit _____

Bank Reference Name

Contact Person: _____ Position: _____

A/C No. _____ Telephone _____

Credit References Hotel

Hotel: _____ Telephone _____

Address: _____ Postal Code _____

Hotel: _____ Telephone _____

Address: _____ Postal Code _____

Credit Card Type _____ Expiry Date _____ No. _____

Name on Credit Card _____

I understand and hereby certify the above information to be true and authorize **[Name of Hotel]** or its agents to make necessary inquiry from any source to check my credit.


I agree to the terms that I will pay my account in full within thirty (30) days from the invoice date.

Date:

Credit Applicant's Signature

[HOTEL USED]

Recommended by: _____

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Comment : _____

Credit Data Source ☐ Appraise Bureau

☐ Bank

☐ Trade Reference

Credit Limit _____ Date _____

Special Instructions

Investigated by: _____ Acknowledged by: _____ Approved by: _____

Credit Manager _____ Financial Controller _____ General Manager _____

Reasons not approving credit _____
