



Universidad de Sta. Isabel
BS HOSPITALITY MANAGEMENT
Naga City



MODULE 3
FUNDAMENTALS IN LODGING OPERATIONS

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LESSON: Accounting Department

OBJECTIVES:

1. Discuss the importance of accounting department
2. Discuss the accounting terms used in hotel operations
3. Outline the Organizational Chart of accounting department and its functions

OVERVIEW

This department is responsible for monitoring all of the financial activities of a hotel.

Examples include overseeing accounts receivable, accounts payable, payroll, and cost control systems, keeping records of assets, liabilities and financial transaction of the hotel and handling guests inquiries about billing.

An accounting department provides accounting services and financial support to the organization it belongs to. The department records accounts payable and receivable, inventory, payroll, fixed assets and all other financial elements. The department's accountants review the records of each department to determine the company's financial position and any changes required to run the organization cost-effectively.

An accounting department provides accounting services and manages the finances of a company. Its responsibilities include recording accounts, paying bills, billing clients and customers, tracking assets and expenditures, managing payroll and keeping track of critical tax documents.

Purpose of an Accounting Department

An accounting department is a dedicated team of specialists who manage the finances of an organization. While not every member of the team will be a certified public accountant, team members will generally have training in bookkeeping processes and procedures. By developing an accounting department, a company can help ensure full transparency in its financial transactions, while also providing specialized, centralized support to other teams and managers. Quality financial management can help ensure the ongoing health of a business.

Accounts Payable and Receivable

The accounts payable section of an accounting department records goods and services that it receives and the payments it owes, such as inventory from a supplier or other expenses. The department records each accounts payable as a liability and accounts receivable as assets. Assets such as revenue and customers' obligations pay for goods and services.

Payroll and Monitoring Employees' Time Off

The payroll function of an accounting department ensures that the organization pays its employees accurately, including bonuses, commissions and benefits. The department monitors employees' time off, vacation and sick days. It pays the government taxes as well as union dues and other withholding from an employee's paycheck. The department reimburses employees for expenses and makes payments to vendors.

Inventory Cost Management

A company's inventory is the goods owned for the purpose of sale. Inventory is usually sold within a year. An accounting department watches the cost of inventory over a specific period against its revenues to ensure that the cost of raw materials, labor and overhead do not negatively impact cash flow. The accounting department tries to find a balance between high inventory levels that satisfy customers but are costly to the company and low inventory levels that satisfy the company's expenses but may dissatisfy customers.

Recording Fixed Assets

In order to function effectively, a company may need machinery, equipment, vehicles and other fixed assets it uses over several years. The accounting department is responsible for recording fixed assets on a balance sheet with depreciation. Fixed assets could be intangible – such as goodwill or a trademark – or tangible – such as machinery. As the company needs an upgrade to remain competitive, its financial statements will determine what the business can afford.

ACCOUNTING TERMS IN HOSPITALITY INDUSTRY

Hotels follow the general principles of accounting, but due to the unique nature of guest accounting, hotel accounting departments use terms that may not be familiar to accountants in other industries. Accounting terms related to the management of guest payments, charges and disputes can be confusing to outsiders, but they represent everyday concepts in the hotel industry.

Folio

The record of all credits and debits associated with a guest or group is called an account and an account can be organized by sections, or folios. Common folio divisions include one each for room charges, food and beverage charges and miscellaneous charges. Multiple folios are often used

with convention guest accounts, as the hotel room rate may be paid by the group while the individuals are responsible for their additional, or incidental charges.

Separation of folios allows printing options, which is useful for blind rates--when the group room rate must remain unknown to the guest. At checkout, a convention guest can present payment for incidental charges and receive a printed receipt for only the folios that contain the charges for which she paid. The balance from the room charges folio remains blind to the guest and is transferred to the group account for later billing.

Room Charge

Guests that have a credit card on file for an account are eligible to sign for charges to guest rooms. At the point of sale, guests sign a receipt authorizing the charge be paid by the method of payment on the account. The charge is then posted to the appropriate folio for the charge type.

The alternative to a room charge is using another method of payment for services, such as cash or credit. Guests without credit cards on file are considered cash-only guests and do not have room charging privileges.

Posting

Any charges posted to a guest account are posted, either manually or through the hotel's computer system. Computer-posted charges are known as interface postings and these are common from hotel outlets that use a cash register and point of sale system, such as a restaurant or gift shop.

When room charge is designated as the payment type, the cashier enters the guest room number and the point of sale system interfaces with the property management system to post the charge. Manual charges are posted by a hotel employee, usually front desk or accounting. These charges might come from outlets without a point of sale system but are most commonly interface postings that did not go through due to system outage or incorrect room information.

Late Charge

A late charge occurs when a guest signs for a room charge after checking out of the hotel. Common late charges include breakfast or minibar charges and manual postings due to system outage. Since the guest had a credit card on file, the front desk is able to use same card is used to pay for the charge. If the credit card declines, an invoice is mailed to the guest's address of record.

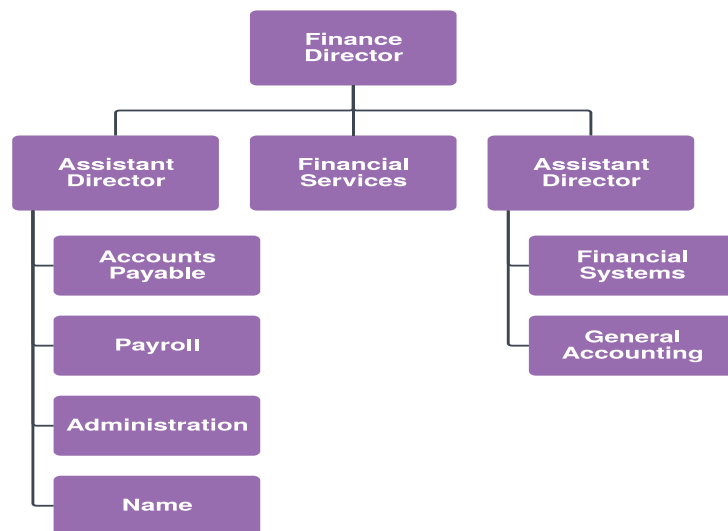
Advance Deposit

Advance deposits are prepayments for guest rooms or other hotel services. These deposits are commonly used to secure reservations for weddings or conventions held at the hotel. In most catering or group events, the advance deposit is required 72 hours before the event occurs. The deposit is posted to the group account and charges are posted against the account as they occur.

Allowance

An allowance is a reversal of a posting. Allowances can occur due to duplicate posting, disputes or bad debt. Although a voided payment through the point of sale system can create a negative interface posting, this is a correction instead of an allowance because revenue is not reduced. Allowances are always manual posts, and department managers generally review and research large allowances that would seriously impact revenue prior to authorizing posting.

ACCOUNTING DEPARTMENT ORGANIZATIONAL CHART



DUTIES OF ACCOUNTING STAFF

CONTROLLER

A hotel controller is a senior financial manager in the hospitality industry that oversees financial reporting, investments, risk management, and cash flow analysis, among other financial aspects of the business. These professionals may be employed by a single hotel or by an organization that operates many hotels. Most hotel controllers are required to have a bachelor's degree in accounting and a relevant master's degree or work experience. Certified Public Accountant licensure is also typically required.

Though the duties of hotel controllers will vary depending on the size of the organization where the controller is employed, some of the day-to-day functions are constant in the industry. An average hotel controller could expect in the course of a day to perform tasks such as:

- Assist the accounting department with financial information and forms for tax compliance needs

- Review and approve annual budgets and projections
- Closely scrutinize funds transfer and cash disbursement protocols within the organization
- Set or revise organizational policy when necessary
- Monitor performance of financial employees and recommend action to human resources department when necessary
- Maintain external relationships with banking and insurance executives outside of the organization
- Approve procurement

SECRETARY

Assist in day to day finance operations and he / she is primarily responsible for computing, recording, collecting, analyzing and verifying numerical data for use in maintaining accounting records of the financial operations of the hotel.

- Assist in managing revenues received and dispersed including accounts receivable, accounts payable, payroll, audit, General Ledger reporting.
- Cash handling functions for the hotel and reconcile all cash dropped at the front desk.
- Assist with analyzing financial statements on a monthly basis and report any variances to the concerned department heads.
- Assist with financial and tax audits.
- Assist with preparing tax returns and corporate reporting requirements.
- Assist the financial Controller with systems administration, G/L account reconciliation, budget preparations, inventories, monthly closings and full P & L responsibility.
- Assist financial Controller with completing the year-end audit process.
- Review and approve all reconciliation and audit work papers.
- Post city ledger payments in property management system, reconcile and bill all city ledger accounts.

ASSISTANT CONTROLLER

We are looking for a reliable Assistant Controller to assist in preparing statements that follow all regulatory and accounting guidelines under the supervision of a controller. You will be responsible for identifying and preventing discrepancies and helping set up control systems.

An effective assistant controller has good knowledge of accounting principles. You must be organized professionals with a great eye for detail. You must be reliable and able to carry out tasks autonomously and collaboratively.

The goal is to contribute to keep the accounting and financial processes of the company up to standard and ensure accurate financial reporting and control. You will report to a financial controller.

- Support most aspects of accounting management (billing, tax forms, reporting etc.)
- Assist in the formulation of internal controls and policies to comply with legislation and established best practices
- Assist in the preparation of financial statements in compliance with official guidelines and requirements
- Manage journal entries, invoices etc. and reconcile accounts for the monthly or annual closing
- Assist in the preparation of budgets or forecasts
- Participate in preparation for the annual audit
- Help in development of reports for management or regulatory bodies
- Review the company's accounting information to identify and resolve inaccuracies or imbalances
- Utilize accounting IT system to facilitate processes and maintain records

GENERAL CASHIER

General Cashiers work in hotels and handle payments from guests. Essential duties listed on a General Cashier resume sample are balancing cash, processing payments, counting money, recording expenses for each customer, and using a computerized cashiering system. Based on our collection of example resumes for this job, the most sought-after skills in a General Cashier are communication, customer focus, organizational policies knowledge, PC operation, and the ability to perform mathematical calculations accurately. Most General Cashiers hold a high school diploma and have completed hospitality training.

FRONT OFFICE CASHIER

Posts revenue center charges to guest accounts, Receives Payments from guest accounts at check-out. Coordinates the billing of credit card and direct-billed guest accounts with the accounting division.

All guest accounts are balanced by the cashier at the close of each shift. He / She normally entails answering guest inquiries regarding fees and services.

- Operates front office posting software.
- Obtains the house bank and keeps it balanced.
- Completes cashier pre-shift supply checklist.
- Completes guest check-in procedures.
- Clarifies customers question or concerns about the charges on their bills.
- Maintains adequate supplies of outlet stationery for cashiers.

- Assists with distribution of month end reports as directed by accounts or front office manager.
- Attends meetings as required.
- Maintains a track of all high balance guests.
- Check and follow up on all bills on hold.
- Check the billing instructions are correct for all expected departure and setup required auto routing or auto transfer on the PMS / Guest folio.
- Give on the Job training for new staffs.
- May also perform a variety of banking services for guests, Such as check cashing and foreign currency exchange.
- Follow up on all deposit dues / deposit to be paid.
- Post charges to guest accounts.
- Handles paid-outs.
- Transfer guest balances to other accounts as required.
- Cashes checks for guests following the approval policy.
- Completes guest check-out procedures.
- Settles guest accounts.

NIGHT AUDITOR

Night auditors begin recording charges to guest's accounts and verifying the revenue for the hotel.

FOOD AND BEVERAGE CONTROLLER

Food and beverage controllers must have strong problem-solving skills to be effective. When a supplier fails to deliver ordered soft drinks on time, for example, the controller needs to provide a suitable solution, such as procuring a day's drinks from a retailer as he waits on the supplier. Since food and beverage controllers are involved in the purchase of different products, they must possess excellent negotiation skills to negotiate the best prices and deals with vendors. They also need good organizing skills to arrange and maintain records of available stocks effectively.

A food and beverage inventory controller works for a food services company, such as a restaurant or catering service, and monitors cost and quality of food and beverage deliveries. She communicates with chefs and managers who oversee food service processes. A bachelor's degree or equivalent work experience, as well as the ability to use basic software, such as Microsoft Office, is usually expected of applicants. Inventory controllers are trained to use specific software on the job.

ACCOUNT PAYABLE

Account payable ensures that all bills are paid on time and all discounts are taken minimizing the cost of the hotel.

GUEST AND CITY LEDGER

A hotel keeps two ledgers the guest ledger is associated with the guest staying at the hotel while city ledger contains all other billings. It is important that the accounting department has a person in accounts receivable working with the city ledger so that the hotel will be able to collect bills and revenue.

BANQUET AUDITOR

Hotels earns bulk of its food and beverage revenues through banquet staff aside from revenues charged to guest rooms

CREDIT

Conducts investigation to be sure that a person or company is creditworthy.

PAYROLL

Payroll refers to the employees you pay, along with employee information. Payroll is also the amount you pay employees during each pay period. Or payroll can refer to the process of actually calculating and distributing wages and taxes.

OPERATION ANALYST

Operational analysis is a method of examining the current performance of an operational (or steady-state) investment and measuring that performance against an established set of cost, schedule, and performance parameters.

SYSTEM MANAGER

Responsible for the day-to-day support of all IT systems, business systems, office systems, computer networks, and telephony systems throughout the hotel / resort. Additionally responsible for Information Technology issues, products, and services at the property.

ACTIVITIES:

ESSAY:

- I. Differentiate accounts receivable and accounts payable. Site example of each accounts.
 - Short bond paper
 - Follow our prescribed footer format.
 - To be submitted on our Google Classroom; save your file with this format: module2_surname (e.g module2_Bagasbas)
- II. Discuss the significance of accounting department in hotel operation.

- Submit your output together with your abovementioned activity. (On a separate page)
- Follow our prescribed footer format.

ASSIGNMENT:

- ✓ Research Administrative (Non-Core) Departments in Hotel Industry and give a brief description of each departments
 - Submit your output together with your abovementioned activity. (On a separate page)
 - Follow our prescribed footer format.
- ✓ On a short-sized bond paper, write a 1,000 words analysis/reaction/ reflection on the “HOTEL MUMBAI” movie.
 - Follow our prescribed footer format.
 - To be submitted on our Google Classroom; save your file with this format: module2A_surname (e.g module2A_Bagasbas)