

STANDARD OPERATING PROCEDURE	CODE: AR- 004		PAGE: 1 of 4
	EFFECTIVE:		UPDATE No.: 0
	INITIATED BY: PRIMA CONSULTANT CO., LTD.		DEPT./SECTION:
	REVIEWED BY:		
	APPROVED BY:		
	SUBJECT:	GUARANTEE OF PAYMENT	

OBJECTIVE:

To ensure that payment guarantees are systematically requested and proper control policy is in place in order to minimize the risk of non-payment.

POLICY:

1. Guarantee of payment must systematically be provided for all hotel guests upon check in.
2. For banqueting event (seminar, wedding, catering...), a contract must be signed between both parties and a deposit/down payment systematically requested and paid before the event taking place.
3. The Credit Manager must ensure that all guarantees of payment are received on time and as per the contract.

PROCEDURE:

I- In-house guest control

1. Individual guests are required to make a guarantee of payment at the time of check-in, using either cash or a credit card imprint.
The guaranteed amount must be equal to the room rate x number of nights + an estimate incidental charges
2. For corporate/travel agent client, booking confirmation letter and/or voucher must be presented at the time of check-in.
3. The Credit Manager/AR Supervisor or Income Auditor should regularly perform some spot checks to ensure that guarantees of payment are properly taken and received as per the hotel policy (credit card authorization taken, booking confirmation letter/voucher received, etc...).
4. Systematic daily check should be performed for high balance guest

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accounts showing an unusual accumulation of charges, i.e. those with outstanding balances exceeding a pre-determined limit established by the hotel management.

5. The Credit Manager or AR Supervisor must ensure that long staying guests are billed as per contract and guarantee deposit has been received.

II- City ledger control

1. Each and every booking made by corporate clients must be supported by a letter of authorization signed by an authorized signatory. For most travel agent's clients, booking vouchers are issued and given by the clients at check-in.
2. The booking confirmation letter must be on the company's letterhead and like the travel agent voucher, should contain the following information:
 - Name and position of person authorizing the billing and his signature.
 - Name of the guest
 - Period of stay
 - Description of charges to be billed to the company

Where the authorization covers only a certain period and that period has expired, a new guarantee letter and/or voucher must be obtained.
3. Guarantee letters and vouchers shall only be accepted from companies and travel agents who have approved credit facilities.
4. Regular spot checks must be performed by the Credit Manager/AR Supervisor/Income Auditor to ensure that guarantee letters and vouchers are valid and kept in guest files.

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III- Contracted events control

1. For special events like banqueting, seminars, wedding ceremonies, etc... a contract must be signed between the hotel and the third party, where condition pertaining to the deposit/down payment (percentage, amount, schedule of payment, refundable clause, etc...) are defined as part of the general sales conditions.
2. As such events usually carry preparation costs for the hotel (rental of the banquet room, purchase of food, etc...), the request for deposit/down payment should be compulsory. Only the General Manager can waive the deposit and in such case, the sales contract must be signed by himself.
3. The timing between the day of deposit to be paid and the day of the event must be sufficient enough to seek an alternative solution in the case of non-payment. An end date for which the contract will be cancelled must be fixed.
4. Proposed sales contracts should be reviewed by the Credit Manager before sending to the guest for signature. Once approved and signed by the third party, a copy of the finalized contract must be sent to the Credit Manager.
5. The Credit Manager/ AR Supervisor is responsible to ensure the payment of the requested deposit is received according to the terms of the contract. In the case of non-payment, the hotel staff who negotiated the contract must liaise with the third party to get immediate payment or the contract will be cancelled.

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Chief Accountant

Date

Financial Controller

Date

Director of Finance

Date