

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: AR - 005</b>		<b>PAGE: 1 of 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.: 0</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>CREDIT MEETINGS</b>	

**OBJECTIVE:**

To maintain frequently trace or follow up all debtors behavior.

**POLICY:**

Credit meetings must be held monthly, at a minimum, with key people involved with developing and enforcing credit decisions in order to maximize the focus on collections and procedures.

**PROCEDURE:**

The Financial Controller will ensure a credit meeting is conducted monthly. The Credit Manager /AR Supervisor is responsible for preparing all accounts and the necessary schedules (listed below) for review. A review of all accounts older than sixty (60) days, or suspected to be of a problem nature, must be covered during the meeting. The hotel’s performance in generating/handling credit card charge backs must be reviewed. Upcoming groups/functions must be reviewed to ensure proper credit has been arranged, and/or procedures are in place to ensure prepayment. Also, the hotel’s accounts receivable related performance should be reviewed compared to the prior year’s performance.

Credit meeting

1. A credit meeting is to be held at least once a month and is based on a review of the month-end ageing debtor balance summary report in term of:
  - The status of aged accounts (over 60-days) and the follow-up action taken by the Credit department on case by case basis
  - The doubtful accounts status (provision to be made/reversed, legal action to be taken, etc...)
  - The assessment of newly received credit applications and the review of over-credit limit accounts on case by case basis
  - Any issues related to pending transfer accounts, missing supporting documents, etc...

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: AR- 005</b>		<b>PAGE: 2 of 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE No.: 0</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>CREDIT MEETINGS</b>	

2. This meeting should be chaired by the Credit Manager with the participation of the General Manager, Financial Controller, Sales & Marketing Manager and the Front Office Manager
  
3. Detailed minutes of the meeting must be taken and distributed to all attendants. The minutes must be reviewed at the time of the following meeting.

Average Recovery Delay

1. The Average Recovery Delay must be calculated on monthly basis based upon the receivables revenue and reported to the hotel management.
  
2. The calculation is as follow:

$$\frac{\text{Monthly aged trial balance}}{\text{Average turnover in debtors account for the last 3 months}} \times 30 \text{ days}$$

With the average turnover in debtors account for the last 3 months calculated as the total transfers to debtors ledger (excluding credit cards) for the last 3 months in average (i.e. divided per 3)

Attendees

- a. General Manager/ Resident Manager / Executive Assistance Manager
- b. Director of Finance
- c. Financial Controller
- d. Credit Manager/AR Supervisor
- e. Director of Sales & Marketing
- f. Front Office Manager / Reservation Manager
- g. Event Manager / Banquet Manager

Agenda of Monthly Credit Meeting

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: AR- 005</b>		<b>PAGE: 3 of 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.: 0</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>CREDIT MEETINGS</b>	

- a. Accounts Receivable Aging Analysis – City Ledger, Guest Ledger, Deposit Ledger, PM Folios.
- b. Long Overdue accounts and reasons of non-settlement.
- c. Information on customers regarding changes on status of credit worthiness
- d. Matters outstanding from prior meeting
- e. Returned Cheques and Credit Card Chargeback Summaries
- f. Credit Trace on Future bookings and advance deposit/prepayment requirements
- g. Area of improvement required from hotel personnel (e.g. follow up on vouchers, etc) and request for actions
- h. Action points per department for follow-up

**Documenting the Meeting**

Minutes must be taken at each credit meeting. Review of general issues of discussion (e.g. revisions in the property’s internal procedures, steps to be taken to address a particular issue with an upcoming Group/function, etc) should be put in memo format and attached to the final package as the cover sheet. Copies of these minutes should be distributed to all individuals listed as mandatory meeting attendees, whether or not they were in attendance, in addition to all sales, Meeting Services and catering, Banquet, Revenue and Guest Service Managers. A copy of the monthly minutes must be kept on file for audit purposes by the Financial Controller.

\_\_\_\_\_  
**Chief Accountant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Financial Controller**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Director of Finance**

\_\_\_\_\_  
**Date**

