

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: AR - 012</b>		<b>PAGE: 1 of 4</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 CARD PROCEDURES</b>	

**OBJECTIVE:**

To specify a credit card charge and refund are promptly treated

**POLICY:**

The Financial Controller is responsible for developing a system to ensure that the adequate credit card Processing procedures are in place. All credit card refunds must be documented and a file to support all refunds must be maintained by the Financial Controller

**PROCEDURE:**

Credit card receipts are transmitted daily and are logged appropriately to include the types of credit cards, the amounts, and the time.

Credit card receipts are organized chronologically by type and by outlet for easy retrieval whenever the processor needs copies or other documentation.

That detailed reports for all the credit cards processed are maintained.

The confirming statement from the Bank summarizing the amounts received are matched to the detailed reports and filed according to date. All credit transmissions must be documented and must be investigated and validated for authenticity.

Requests for information and documentation from the credit card processor are sent immediately, not to exceed two business days.

Payments are received by the banks promptly in accordance with contract.

I- Credit card payment process

1. At the end of the cashier shift, all individual credit card transactions processed through each credit card terminal are collected into a “batch” of

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transactions. The batch is closed and the result is transmitted to the credit card company as a single “batch”. Settlement of each daily “batch” by the credit card company varies but usually occurs in 2-3 days after a batch is closed.

2. On daily basis, Accounts Receivable will print out from the system a summary of credit card transactions or batch report per credit card type, attach all supporting credit card receipt and file them, waiting for receipt of the payment from the related credit card companies.
3. For credit cards using a manual system (or zip-zap machine), Accounts Receivable will prepare a daily transaction summary and send it on a daily basis with the bank copy of all credit card slips to the relevant bank or credit card company.
4. When receiving the payment from the credit card company, the commission has usually already been deducted from the total payment received. Accounts Receivable must check the remittance advice for the correctness of the commission deducted, as per the agreement signed. Accounts Receivable will then settle the payment and record the commission charged together with VAT-purchased of commission.

## II- Chargeback and disputed transactions

1. A chargeback occurs when a customer disputes a charge that appears on their monthly credit card statement. Frequently this occurs when a charge is not remembered even though it may be a valid charge. This may also occur when someone, other than the cardholder, uses the credit card to make unauthorized charges.
2. The merchant is notified typically through the mail via a chargeback notice from the credit card company. The notice provides the details of the transaction, a copy of the dispute description signed by the customer and instructions on how to proceed. The options include:

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- Do nothing: if you agree with the dispute then nothing else is required. The credit card company will deduct the amount of the charge from the designated bank account.
- Justify the charge: The Credit Manager/ AR Supervisor will need to write a letter to the credit card company explaining the situation and the reasons why the charge is valid and will need to provide documentation to support the charge (copy of credit card receipt, proof of guest stay, etc.).

3. The Credit Manager is responsible for justifying the charge.

**III- Monthly credit card reconciliations**

1. It is necessary to perform a thorough reconciliation of the credit card transactions and to certify the monthly balance shown in the credit card account register. The difficulty and necessity of the reconciliation results from three unique situations:
  - There is a time lag of several days between the time the credit card transaction occurred at the hotel and the time it is settled or deposited to the hotel's bank account.
  - Depending on the type of credit card and/or the merchant provider, the fee charged on each transaction may be automatically deducted from the deposit before it shows up on the bank statement.
  - Charge backs are usually deducted immediately by the credit card company and only returned if the dispute is resolved in the hotel's favor. This may even occur before the chargeback notice has arrived in the mail.
2. The monthly credit card reconciliation to be prepared by Accounts Receivable will reconcile day per day the total credit card transactions with the total payment received from the credit card company, with the total commission deducted from that payment and any allowances posted in regards to the initial credit card transaction.

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3. The Financial Controller must carefully review all credit card reconciliations to:
  - Ensure the nature and age of all pending items are clearly recognized
  - Ensure that for any over 30-days outstanding, detailed analysis is maintained, stating the credit card slip number, guest folio reference and all actions taken in that regards. In particular, formal inquiry letter signed by the Credit Manager/AR Supervisor should be sent to the credit card company and/or the bank.
4. All credit card reconciliations once finalized, must be submitted to the General Manager for his control and signature

**Refunds**

1. Credit card refunds must be processed using a Bank form of refund. Refunds should be processed to the same card where the original charge was made.
2. The Financial Controller must ensure that all refund logged to the person who receives them and must know how many cards are in circulation in the hotel.
3. If a card is handed from shift to shift it must be incorporated into the closing shift procedures.
4. On a daily basis all backup to support credit card refunds must be forward to accounts as part of the Daily Income Audit with the relevant audit trail attached.

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

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

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

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

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

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