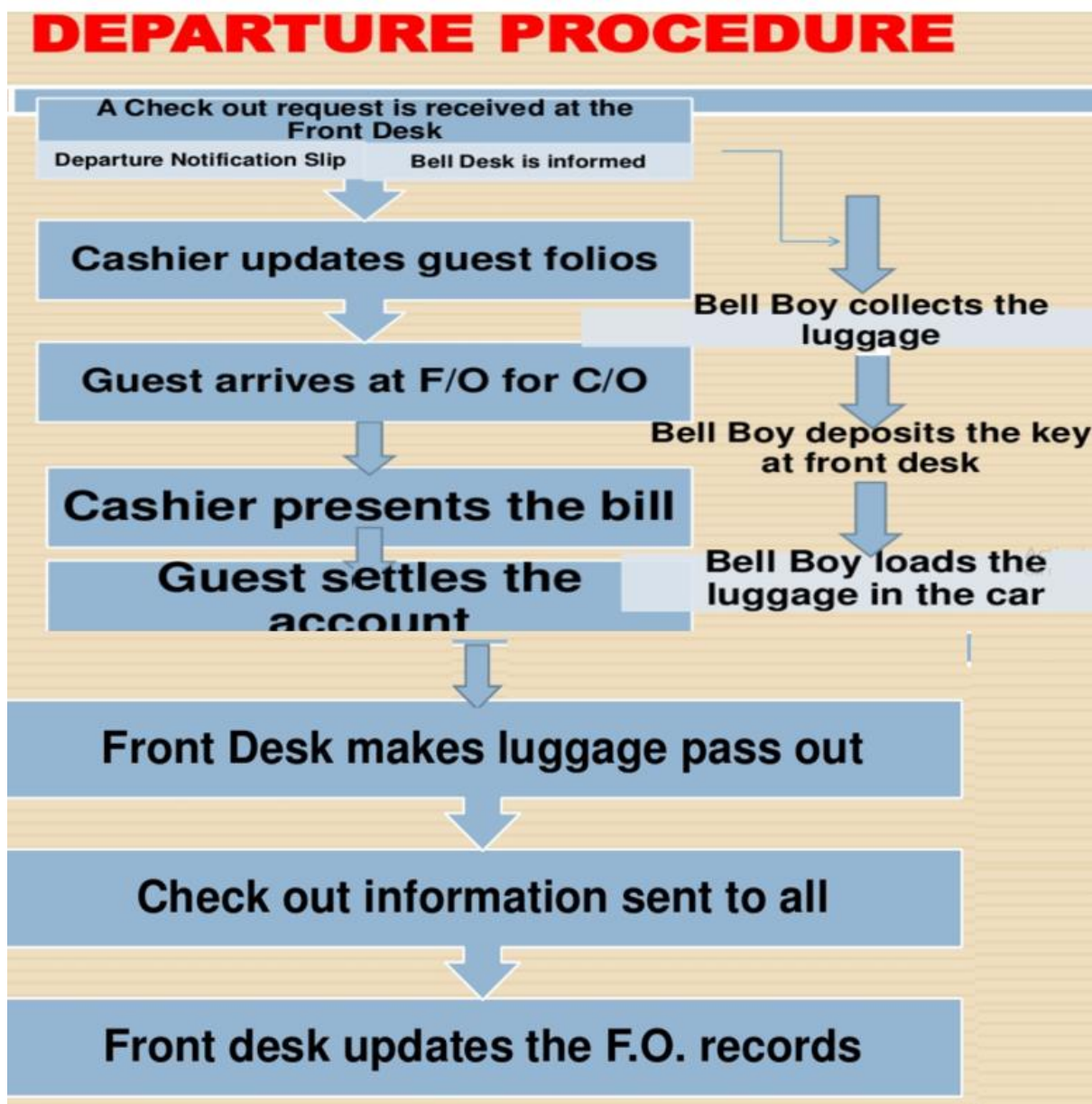


## MODULE – 5 CHECK-OUT AND SETTLEMENT

Departure Procedure – Check-out request, Luggage handling, Accounting transactions, updating guest folio, prepare and present bills, settlement of bills and updating Front office records, Express check out procedures, Fully automated check-out procedure, mode of settlement of bills – foreign exchange, Cash settlement, Travelers' cheques, Travel agent voucher, Debit/Credit card payments, Corporate billing, Potential check-out problems and solutions.

### DEPARTURE PROCEDURE

The last interaction of the guest with the hotel staff takes place during the final phase of the guest cycle check-out. The departure procedure may vary slightly from hotel to hotel according to the degree of automation of the organization



### **Departure Procedure in Fully Automated System**

The departure procedure in a hotel running on a fully automated system is smoother and more efficient. It involves the following steps:

- The check-out request is received at the front desk or bell desk.
- The front desk sends a bell boy to transfer luggage from the guest room to the lobby.
- The front desk informs all points of sale and other departments of the hotel about the departing guest through the interlinked computer network. (In semi-automated hotels DND-Departure Notification slip is sent to concerned departments)
- Since all the points of sale terminals are interlinked, any credit transaction of the guest will instantaneously get added in the guest folio.
- The front desk prepares the master bill by selecting the bill option of the cashier module.
- The front office presents the master bill, along with supporting vouchers, to the guest for review.
- The payment is received from the guest as per the pre-determined mode of payment.
- The front office makes the luggage out pass.
- Marketing activities are carried out
- The front desk communicates the departure of the guest to housekeeping and all the other concerned departments.

The front office records are updated automatically.

These include:

- Communicate the check-out information to other concerned departments.
- The auto removal of the name of the departed guest from the in-house guest name list.
- The automatic updating of the current room status — from occupied to vacant/dirty.
- The automatic updating of the guest history card.

### **CHECK OUT REQUEST**

A request for check out is received from the guest either at the front desk or bell desk. This information is communicated to all concerned department and POS. Cross check the guest name, room no and other details in the guest folio. In case of an early departure too the other departments should be informed.

### **LUGGAGE HANDLING**

The Front desk requests the bell captain to send a bellboy to transfer the guest luggage to the lobby. The bell boy fills the departure errand card and the bell captain makes an entry in the bell captain control sheet. The bell boy goes to the guest room, knocks on the door and announces himself. After getting due permission from the guest, he enters the room and carries the guest luggage to the lobby.



Apart from carrying the luggage of the guest, the bell boy is also expected to do the following:

- Look around for signs of any damage to the hotel property.
- Draw the curtains and lock the balcony and windows.

- Check the mini bar
- Check for any guest belongings left behind by mistake.
- Collect the room keys from the guest.
- Lock the room and hang the “clean My room “tag on the door knob.
- Fill the departure errand card on return.

Departure Errand Card				
Reception	Cashier	Information	Departure date & time	Room no.
Bell boy name:				Call time:
Name of the guest:				Room no.:
Articles Count				
Suitcase	Hand bag	package	briefcase	Overcoat
others				
Baggage brought down by			Baggage loaded by	
signature			signature	

## ACCOUNTING ALL TRANSACTIONS

The front desk informs housekeeping and all points of sale to rush the latest credit transactions to the front desk, so that the cashier may add them to the guest account.

As the guest may refuse to pay any charges after she/he has checked out, the hotel should ensure that all the transactions have been billed to the guest at the time of account settlement

## UPDATING GUEST FOLIO

Guest Folio is considered as the master bill in the hotel which is also known as Guest Account Card. A guest folio contains all transactions of both cash and credit occurred by each resident guests.

In manual system Folios are maintained manually and kept in the folio rack at the front office cash. In computerized system the folios are kept in the computer and only printed out at the time of a guest check-out.

Guest folio records each entry of guest transaction and the recording process is called posting. In the folio the posting is done consecutively in the order of transactions on a given date. The amount of money that is payable by the guest to hotel is recorded on the debit column and the amount of money that is collected from the guest through setting his/her bill as well as advance deposits is recorded in the credit column. The balance column of the guest folio shows a progressive balance between debit and credit column which is determined by subtracting the credit amount from the debit amount. It also includes

previous balance. Check if any late check-out charges are applicable. Check for any last minute bills.

Just after the guest entry the front desk clerk create a guest folio with the inclusion of:

- Guest name
- Room number
- Date of arrival
- Date of departure
- Room rate
- Guest address
- Billing instruction to the cashier

In order to perform the audit process, the folios need to be maintained chronologically. Thus each folio contains a serial reference number for maintaining the chronological order. Till the guest departs from the hotel the cashier is in charge for the guest folio. During a guest's stay, his/her stay is on a credit.

Sample guest folio

<b>HAVE YOU DEPOSITED YOUR ROOM KEY AND THE SAFE DEPOSIT LOCKER KEY</b>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Folio No. 202</td> <td style="width: 50%;">Status</td> </tr> <tr> <td>Room No.</td> <td>Tariff-Rs. 10500</td> </tr> <tr> <td>Locker No.</td> <td></td> </tr> </table>		Folio No. 202	Status	Room No.	Tariff-Rs. 10500	Locker No.							
Folio No. 202	Status														
Room No.	Tariff-Rs. 10500														
Locker No.															
<b>Name : Mr. Khanna</b>		<b>PKG. PL.</b> <b>GRP.</b> <b>MST.</b>													
<b>Designation : CEO</b>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">Arrival</th> </tr> <tr> <th style="width: 25%;">Date</th> <th style="width: 25%;">Time</th> <th style="width: 25%;">Pax</th> <th style="width: 25%;">Dep.</th> </tr> <tr> <td>1.06.07</td> <td>12.45 p.m.</td> <td>01</td> <td>4.06.07</td> </tr> </table>		Arrival				Date	Time	Pax	Dep.	1.06.07	12.45 p.m.	01	4.06.07
Arrival															
Date	Time	Pax	Dep.												
1.06.07	12.45 p.m.	01	4.06.07												
<b>Address : Roopa Exports Chennai</b>		<b>Mode of Payment: Bill to company</b>													
Date	Reference	Description	Base Charge	VAT	Misc. Charges	LT	ST	Dr.	Cr.	Total Bal.					
1.06.07		Bar	1200					1200							
		Dinner	1500					2700							
		Room Charges	10500	1260				15460							
2.04.07		Telephone	560					16020							
		Room Charges	10500	1260				27780							
								28530							
3.04.07		Break fast	750					29355							
		Spa	825					55755							
		Banquet dinner	24000		2400			67515							
		Room Charges	10500	1260				68265							
1.04.07		Break fast	750							68265.00					
<p>I agree to pay the full amount of these charges, I also agree that all Charges in this account are correct.</p> <p style="text-align: right;"><b>BALANCE DUE</b></p> <p>CASHIER'S SIGNATURE _____ GUEST'S SIGNATURE _____</p>															

## Maintenance of Folio:

All the monetary transactions that take place between the hotel and a guest are recorded in the guest folio in the order of their occurrence. An entry in the guest folio may be either debit or credit.

### The most common debit entries in a guest account include the following:

- Room charges
- Food and beverage charges (restaurant, bar, coffee shop, room service, etc.)
- Telephone and fax charges
- Health centre, business centre, fitness centre charges
- Laundry charges
- Postage charges
- Transportation charges
- Visitors paid-out


### Credit entries in a guest account may include the following:

- Pre-payment, in part or in full (at the time of reservation or between reservation and arrival).
- Part payment during the stay.
- Allowances given to the guest.
- Adjustments made in case of any error in posting in the guest folio.
- Final payment for the settlement of accounts at the time of check-out.

## PREPARE AND PRESENT BILLS

Bill Bills are prepared on the basis of guest folios.

- Prepare bills in duplicate
- Check the room number
- Take out the guest folio
- Enter the method of payment
- Present the bills along with supporting vouchers



**THE PHOENICIAN**  
Scottsdale

---

Guest Mr. Jim Shulevitz 2008 Ne Siskiyou St Portland, OR 97212 United States	ROOM 6152 RATE 325.00 NO. PERS. 2 FOLIO 365050 A PAGE 1 ARRIVE 30-APR-06 14:16 DEPART 02-MAY-06 06:33 PAYMENT VI	
--	---	--

YPD30A

DATE	REFERENCE	DESCRIPTION	CHARGES • CREDITS
30-APR-06	RT6152	Room Charge	325.00
30-APR-06	RT6152	Accommodation Tax	39.23
30-APR-06	RT6152	Bell Gratuity	28.00
30-APR-06	RT6152	Housekeeping Gratuity	4.00
30-APR-06	RT6152	Housekeeping Sales Tax	0.32
30-APR-06	10837279	Sundries - Pinatas	14.05
30-APR-06	10437297	Tennis Garden	40.00
30-APR-06	18981620	Windows On The Green	548.37
01-MAY-06	RT6152	Room Charge	325.00
01-MAY-06	RT6152	Accommodation Tax	39.23
01-MAY-06	RT6152	Housekeeping Gratuity	4.00
01-MAY-06	RT6152	Housekeeping Sales Tax	0.32
01-MAY-06	43993520	Room Service	25.14
02-MAY-06	VI	Visa	1392.66-
02-MAY-06	JML	Honor Bar	3.95
02-MAY-06	CA	Cash	3.95-
02-MAY-06	331680	Honor Bar	4.98
02-MAY-06	VI	Visa	4.96-
<b>Total Charges</b>			<b>1401.59</b>
<b>Total Credits</b>			<b>1401.59-</b>
<b>Balance Due</b>			<b>0.00</b>

## DETERMINATION OF MODE OF PAYMENT

The methods of payment of bills may be cash – in local and foreign currency; cash equivalents like demand draft, traveler's cheque and debit card or through credit modes like credit card, travel agent voucher and corporate billing

### Receiving Payment

The guest reviews the bill and makes the payment in the pre decided mode.

### Marketing Activity

During the check out the cashier should: Ask guest about their experience at the hotel and ask them to fill a feedback form If guests have any complaints, the cashier should note the same and apologize The cashier must inform the guest about the upcoming offers. The cashier may suggest future reservation for the guest's return trip

## EXPRESS CHECK OUT

The front desk becomes very busy during the check-out time, mainly because the preparation and bill settlement is a time consuming process. Long queue are often seen in the front office desk during the check-out time, which has encouraged a system for a speedy procedure, known as express check out.



- The express check-out procedure requires the guest to fill the express check-out form and a pre-departure folio.
- The ECO Form (Express Check out Form) is an authorization by the guest to the hotel authorities to charge the outstanding balance to his credit card. By signing the ECO form, the guest agrees to pay the amount finalized by the front desk cashier after his Departure.
- These forms are available at the front desk or are sent to the guest on the morning of the date of departure.
- The ECO form is accompanied by a copy of the guest's folio, indicating the approximate total bill.
- The charge slip is signed by the guest.
- One copy of the express check out slip given to the guest. Explain to the guest that he needs to wrap his room key in the copy and drop it in the express check



Hotel Sun Star  
11th West end Road,  
Lucknow

Hotel Sun Star  
**Express Check-out Authorization**  
*Good morning!*

<p><b>In order to help you in speedy and queue free check-out, may we offer you our Express Check-out facility.</b></p> <p>All you have to do:</p> <ol style="list-style-type: none"> <li>1. Check the copy of your hotel bill as on today at 03.00 p.m.</li> <li>2. Fill out this form completely.</li> <li>3. Leave this form along with your room keys either in one of the Express Check-out Boxes in the lobby or hand over to the bell boy while departing.</li> <li>4. Please do not enclose any cash.</li> <li>5. A finalized copy of your bill will be mailed to you in the next 24 hours.</li> </ol>	<p>Room No.: .....</p> <p>Name of the Guest: .....</p> <p>Departure Date: .....</p> <p>Departure Time: .....</p> <p>This is your authorization to charge my account to the credit card account imprinted at the time of registration.</p> <p style="text-align: right;"><b>Guest Signature</b></p> <p>In case you wish to receive your hotel bills at a different location, please imprint your mailing address.</p> <p>Name: .....</p> <p>Company: .....</p> <p>Address: .....</p> <p>.....</p> <p>.....</p>
--	---

out drop box located in the lobby at the time of his departure.

- An ECO rooms list should be printed every morning which is necessary for monitoring the entire system. The second copy of this list is given to the bell desk.

### **SELF CHECK OUT TERMINAL.**

Only fully automated hotels are equipped with self-service terminals, which allow guests to check-in / checkout promptly by operating these interactive machines. They are kiosks located in the hotel lobby and are interfaced with the PMS. The machines are available with options such as check out only, check in / check-out and also as cash acceptors. The self-check-out terminals have the following benefits:



- They minimize the guests' waiting time as their bills can be settled without the cashier through their credit card.
- They simplify the check-in and check-out through interactive instructions on the screen
- They eliminate the scope of human error as they are integrated with the hotel PMS and so it can access all the transactions done at the various POS during the stay.

### **LATE CHECK OUT**

Most hotels have a fixed check out time generally 12 noon at which the departing guests must vacate their rooms and settle their bills. If a guest vacates his/her room after the check-out time, it is considered as late check out. This may create a problem, especially during high occupancy periods, as the guests with confirmed reservation will have to wait for the room to be vacated and cleaned. A hotel may take following preventing measures to minimize late check outs:

- Inform the guest about the check-out time and late checkout charges at the time of reservation and also during registration.
- Have the information regarding the check-out timings printed on the key card and display at the back of the room doors.
- Add the late check-out charges in the guest bill
- Request the guest to vacate the room as per check out time and offer to keep their luggage in the left luggage room without any additional cost.

In case of groups, provide hospitality rooms without any extra charges.

## UPDATING FRONT OFFICE RECORDS:

When the guests depart from a hotel, the rooms they had been occupying become vacant. The front desk agent should update the hotel records related to the room status at the earliest so that the room can be sold again. The front office should also update the GHCs for marketing and research purposes

**Updating Front Office Records:** Current Room Status Guest History Card Arrival / Departure Register

## SETTLEMENT OF ACCOUNTS:

The settlement of account means zeroing the balance in a guest folio. The formula for calculating the outstanding balance is:

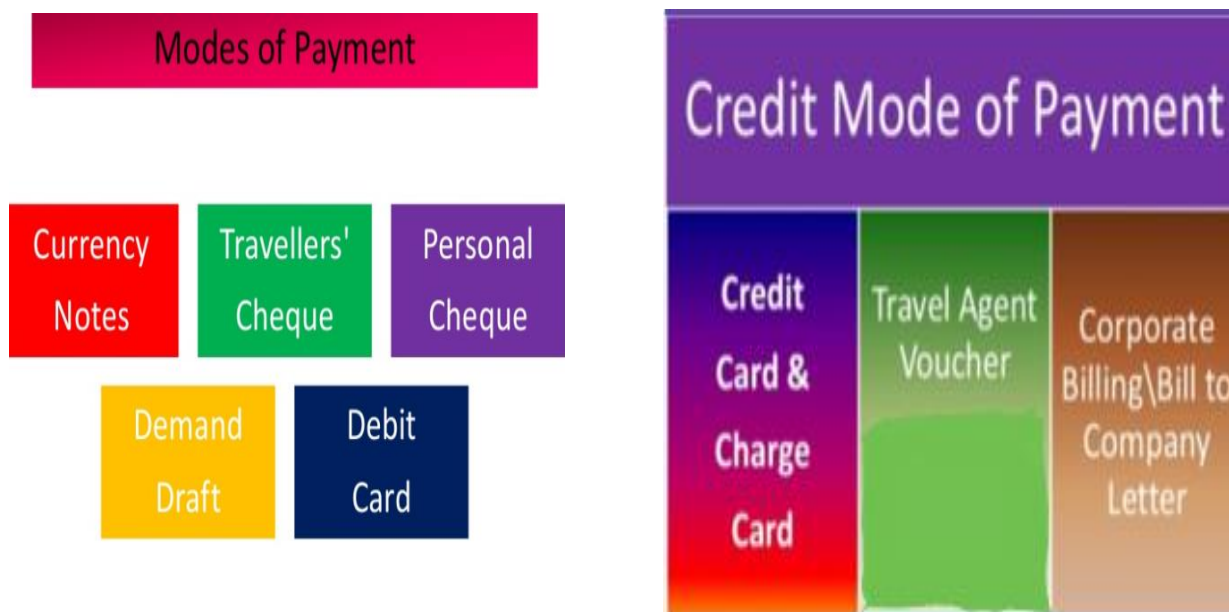
Opening balance + Debit entries – Credit entries = Outstanding amount

At the time of departure, the final bill of the guest is prepared and settled in such a way that the outstanding balance is brought to zero. The settlement of the guest account may be by cash or credit. In case of credit settlement, the account balance is transferred to the city ledger and the responsibility of collecting the balance is transferred to the accounts department.





## MODES OF BILL SETTLEMENT IN HOTEL.



Generally, hotels determine the mode of settling the guest accounts at the time of registration or sometimes even at the time of receiving the reservation request. There are several acceptable modes of payment:

- **Cash Settlement**
  - Currency Notes
    - Local currency
    - Foreign currency
  - Travelers cheque
  - Personal cheque
  - Demand draft
  - Debit card
- **Credit Settlement**
  - Credit / Charge Card
  - Travel Agent Voucher
  - Bill to Company

### **CASH SETTLEMENT**

Cash settlement is the simplest and instant mode of payment used by the guests. While doing the payment the bill is presented by front office cashier to the guest and payment is done on hand through cash. At the time of settlement, the cashier zeros the balance in the guest account. If there is credit balance in the folio, the hotel will pay back the balance amount to the guest to make the balance zero. If there is a debit balance in the guest folio the hotel will collect the balance amount from the guest.

#### **1. Currency Notes**

Cash is simple and instant mode of payment of the services used by the guests. Cash may be in local or foreign currency. The bill is presented by the cashier and the payment is done on hand.

## Currency Exchange Procedure

To deal in foreign exchange, a hotel has to take a valid license from RBI. The front office cashier is the hotel's authorized representative for foreign exchange dealing. When guests wish to exchange the currency of their country into Indian currency, the following procedure is followed:

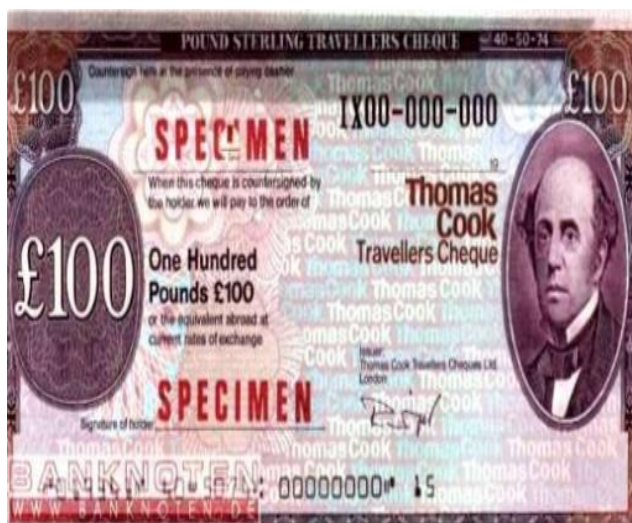
1. The guest contacts the front desk cashier for foreign exchange.
2. The cashier requests the guest to produce his passport to verify his identity
3. The cashier asks the guest for the amount of foreign currency to be exchanged and determines whether the amount is exchangeable as per the RBI guidelines
4. The cashier checks the exchange rate from RBI or a leading nationalized bank of the town
5. The cashier prepares the currency exchange certificate
6. The cashier requests the guest to sign the currency exchange certificate
7. The guest gives the foreign currency to the cashier in cash or as traveler's cheques
8. The cashier calculates the total amount to be paid in local currency as per the exchange rate
9. The cashier dispenses the amount to the guest along with the original currency encashment certificate. He attaches the second copy with the foreign currency or traveler's cheques and leaves the stationary copy in the booklet. The cashier fills the details of the daily currency exchange transactions in the foreign currency control sheet.

<b>Hotel</b>			
(Valid for three months from the date of purchase of foreign currency)			
RBI License No.:			
<b>Encashment Certificate</b>			
Serial No. _____		Date _____	
We hereby certify that we have purchased today foreign currency from _____			
_____ holder of passport no. _____		Bill No. _____	
Nationality _____ and paid rupee equivalent as per details given below:			
Details of Foreign Currency Notes/Coins/Travellers Cheques Purchased			
Currency Purchased (indicating clearly notes/ coins and travellers cheques separately)	Amount	Rupee Equivalent	Stamp and Signature of Authorized Official/Money Changer
( 1 )	( 2 )	( 3 )	( 4 )
Notes / Coins			
Travellers Cheques	Rs. _____	_____	
<p>Note : This certificate should be preserved by the holder to facilitate reconversion of the rupee balance, if any, into foreign currency at the time of departure from India.</p> <p>Production of passport need be insisted upon only while encashing travellers cheques tendered by non-residents.</p>			
Guest Signature _____		Stamp & Signature	
Dated: _____			

*Encashment certificate*

## 2. Travelers cheque

A traveler's cheque is a medium of exchange that can be used in place of hard currency. They can be denominated in one of a number of major world currencies and are pre-printed, fixed amount cheques designed to allow the person signing it to make an unconditional payment to someone else as a result of having paid the issuer for that privilege.



Their use has been in decline since the 1990s, when a variety of more convenient alternatives, such as credit cards, debit cards, and automated teller machines, became more widely available and were easier for travelers to use.

Tips on accepting traveler's checks

- Ask for proof of identification
- Guest signs in presence of cashier
- Compare signatures
- Check list of traveler's check numbers which are non-negotiable (procedure to process traveler's checks are identical to cash method)

## 3. Personal Cheques

Accepting payment by Personal cheque depends upon hotel management's policy.

- In case the hotel allows settlement by personal cheque, then the cheque must be imprinted with the guest's name, address and telephone number and the cheque number must be at least 200 or higher.
- Do not accept cheque that is obviously drawn on a new account.
- Cheques may be accepted for the exact amount of the folio balance, provided proper credit information (and approval) was secured at check-in and is indicated on the folio.
- If this information has not been taken, the cashier must secure it (and any necessary approvals) and record it before accepting the cheque
- In the absence of credit information, record the room number, address, telephone number and date of checkout on the front of the cheque.
- The cashier should also notify the Front Office Manager or Duty manager if the required information was not collected at the time of guest check in.
- Also, If possible, a credit card authorization letter should be collected from the guest as a precaution just in case the check did not cash in.

## 4. Demand Draft (DD)

A demand Draft is a written order from the bank for the payment of the money upon presentation of the same.

A person may obtain a DD by filling required form and paying the draft amount and the bank's commission.

It is however not a very practical mode of payment as differed amount is established at check-out.

## 5. Debit Card (DC)

A Debit card is a card that allows the customer to access their funds immediately, electronically.

It can also be used as an ATM card.

When the card is swiped, the Electronic Funds Transfer Point of Sale (EFTPOS) terminal contacts the computer network of the bank to verify and authorize the transaction. Once the authorization is received from the bank, the amount is debited from the guest's bank account and instantly credited to the hotel's bank account. In case of insufficient funds, the bank does not authorize the transaction and the guest is requested for an alternative mode of payment.



## CREDIT SETTLEMENT

A credit settlement is one in which the hotel does not receive any payment on the day of departure of the guest but would receive it later.

### 1. Credit/charge Card (CC)

A credit card is a wallet-size small card issued and guaranteed by the bank to its valuable customer that authorizes the person named on it to charge goods and services to his or her account.

A charge card is a plastic payment card that enables the holder to obtain goods and services without the requirement to pay the cash. The account statement is sent to the card holder every month and must be settled in full amount.

There are also procedures for accepting credit cards which must be followed by the cashier and they are:

- Check the warning bulletins provided by the credit card companies. If the card is not in the bulletin, the card cannot be accepted. In case it is listed in the bulletin, then the card must be apprehended without offending the customer and inform the credit card company.
- Take an imprint of the card on a charge slip provided by the bank.
- Now fill up the amount and bill details on the charge slip, give the charge slip to the guest to sign in the specific place.

### 2. Travel Agent Voucher (TAV)

The special document which is printed in form and issued by travel agencies and airlines, stating the required services to be provided by the hotel to the guest. The hotel sends a bill of a guest to respective travel agencies or airlines who issued the voucher for payment.

TRAVEX TRAVEL AGENCY		TRAVEL COMPANY LIMITED		VOUCHER
88 Sri Langkat, Ploembi Road, Lumpin, Pathumwan Bangkok 10330 Thailand		88 Sri Langkat, Ploembi Road, Lumpin, Pathumwan Bangkok 10330 Thailand		
Tel : (662) 638 1888		Fax : (662) 632 1000		
E-mail : travex@thailandtravel.com		URL : www.thailandtravel.com		
TAX License No. 1119281				
EXCHANGE VOUCHER TO :	TEL :	NO. OF PAX :	3	
PASSENGER NAMES :	VOUCHER NO. :	DEPARTURE DATE :	29 Jul 12	
*Condition : see website for condition of use document				
PICK UP PLACE :	Kul Plongon (Thong Sai) Pier	DROP OFF PLACE :	Sung Thai Train Station	
DEPARTURE TIME :	17:30 P.M.	ARRIVAL TIME :	17:30 P.M.	
REMARK :	Collect with Travex Bus Car No. 5 / Seat No. 17-18			
ISSUED BY :	Chinnara Dept. 28 May 12	PAYMENT BY :	Travex Co. Ltd.	

### 3. Bill to Company (BTC)

If the guest uses the hotel facilities and billing is instructed as per company account, it means that the bill will be paid by the allied company. The big business organization makes an

agreement with the hotel to provide services to their staff and customer of the company. Credit section of hotel sends a letter with the bill attached, to the respective company for payment. The bill should be signed by the guest who was sent by the company. The company may pay the bill through cash or by cheques.

1. If a company wishes to obtain direct billing or credit facility privileges with the hotel, then the hotel sales team must first submit a letter of Authorization for "Bill to company" to the hotel credit manager or to the financial controller of the hotel along with the signed CVGR letter. The "Letter of Authorization for Bill to company or Direct Billing" must contain the following:

- The letter must be on company or travel agent letterhead.
- The letter must include the names of all individuals authorized to sign.
- Checks and verify that the company is listed in the Company Volume Guarantee Rate (CVGR) list of the hotel.
- The name of the individual who will receive and approve the statement.
- The types of charges for which the company had agreed (i.e., accommodation charges (room + tax + service charge), sign for all charges, etc.)
- The correct billing address of the company.
- The contact details email / phone / fax number of the company.

## KEY WORDS

### 1. GUEST FOLIO

Guest Folio is considered as the master bill in the hotel which is also known as Guest Account Card. A guest folio contains all transactions of both cash and credit occurred by each resident guests.

### 2. SETTLEMENT OF ACCOUNT

The settlement of account means zeroing the balance in a guest folio. The formula for calculating the outstanding balance is:

Opening balance + Debit entries – Credit entries = Outstanding amount

### 3. TRAVELERS CHEQUE

A traveler's cheque is a medium of exchange that can be used in place of hard currency.

### 4. ENCASHMENT CERTIFICATE

An Encashment Certificate is issued to guests in India who have exchanged foreign currency for Indian Rupees. Indian hotels are required to issued such certificates to foreigners in case of such transaction.

### 5. CREDIT SETTLEMENT

A credit settlement is one which the hotel does not receive any payment on the day of departure of the guest but would receive it later.

### 6. BILL TO COMPANY

If the guest uses the hotel facilities and billing is instructed as per company account it means that the bill will be paid by the allied company.