

Checkout and Settlement

Check out and settlement are part of the final stages of the guest cycle.

It is the final phase of the guest cycle and examines the various activities involved in checkout and settlement.

Check out involves the front desk as also other departments such as housekeeping, bell desk, cashier's desk, Point of sales etc. Main areas for a checkout are the belldesk and the cashier.

The FO performs at least 3 important functions during the checkout and settlement process.

- It resolves outstanding guest account balances.
- It updates room status information
- It creates guest history records.

Guest account settlement depends on effective FO accounting system that maintains accurate guest folios, verifies and authorizes a method of settlement and resolves discrepancies in account balances. Hotels find it most effective to settle a guest account while the guest is still in the hotel. Guest can settle the bill by paying cash, charging the balance to a credit card, deferring payment to an approved direct billing entity or using a combination of payment methods.

Most hotels require a guest to specify during registration an eventual method of settlement. FO should verify or confirm guest credit card or direct billing information before he/she arrives at the desk for check out. Pre settlement verification activities ensure that the hotel will be paid for accommodation and services.

DEPARTURE ACTIVITIES AT VARIOUS DESKS:

1) At the Bell Desk:

During checkout a luggage outpass has to be obtained from the cashier stating that the guest has settled his account and returned the room key. Once this is received a departure errand card is made and filled out by the bell boy and will go to the guest room to bring down the luggage.

The bell captain will also make an entry regarding this in the bell captain's control sheet.

On reaching the guest room the bell boy will announce himself, knock on the door enter the room on gaining permission. The bellboy will also ensure the following:

1. Collect room keys from the guest
2. Check the room for any possible damage to the property.
3. Draws the curtains, locks the balcony.
4. Checks bathroom and fittings.
5. The guest is escorted by him to the front desk
6. He puts a "room to be cleaned tag" card on the door after switching of the lights and air conditioner.

The departure room is then inspected by a housekeeping supervisor/ Room attendant to ensure that nothing is left behind by the guest. The housekeeping/ In room dining department will also check the minibar for anything consumed by the guest to be charged to the bill.

At the lobby the bell boy will:

Keep the guest's luggage at the bell desk

Put hotel stickers and mark the luggage with "D" indicating departure luggage.

Collect the luggage out clearance slip from the reception and loads the luggage in the car/taxi.

Return the errand card to the bell captain which will then be entered onto the bell captain's control sheet.

2) At the Reception desk:

The Front desk receptionist checks the list of expected checkouts for the day and will confirm with the guest his date and time of checkout.

Departure notification slips are printed to inform the other departments of the guest's checkout.

In a manual system the room racks are updated. The departure register is also updated.

Checking for the mail messages and faxes.

Checking for safe deposit box or in room safe keys.

3) At the cashier's desk:

1. Verifying account information.
2. Posting any remaining charges to the guest's folio.
3. Presenting the guest folio.
4. Verifying the method of payment.
5. Processing the account payment.
6. Securing the room key.
7. Updating the room status.

The procedures used will vary among Front Offices depending upon hotels level of service and degree of automation. Some Front Offices offer automated or express check out.

Traditionally at check out guest is presented a final copy of his/her account folio for review and settlement. FOA should confirm how the guest intends to settle the account. Guest may establish credit by presenting a credit card but may choose to settle his bill by cash or travelers cheques. VIP or special guests or corporate accounts should not be asked for settlement if their account is marked that all charges are to be Direct Billed.

FOA should bring the guest account balance to zero, called zeroing out. When guest pays by cash or credit card, hotels assume that the payment is full and close the folio. If the account is to be paid through Direct Billing by the hotel, however the account is not brought to a zero balance because it must be transferred to the city ledger and billed through the account receivable system.

METHODS OF SETTLEMENT

A guest account can be brought to a zero balance in several ways. Methods of settlement include cash payment, credit card or Direct Billing transfer or combined settlement method.

I. CASH PAYMENT IN FULL

Cash payment in full at check out will bring a guest account balance to zero. A cash receipt has to be issued to the guest by the cashier. The cashier should mark the folio paid. If the guest has produced a credit card at check in, the cashier should destroy the guest credit card voucher imprinted at registration when the guest pays the account in full with cash.

Guests paying in foreign currency should convert their money to local currency (some international currencies like \$ are accepted). Hotels often charge a fee to convert currencies as banks charge the fee from the hotels. Currency conversion rates are displayed at the Cashiers counter or it can also be taken from business sections of newspapers.

Guests can also use traveler's cheques to settle their bills. Traveler's cheques are issued by banks and avoid the risk of carrying cash. At the time of settlement the cashier should confirm the identity of the guest from the safety and security point of view. Also there is no danger of them being stolen as they can be encashed only when the signature of the holder tallies with the signature signed at the time of issue. A foreign traveler's cheque

should be treated as foreign currency and the necessary records, statements and certificates must be maintained like in the case of foreign currency and should be sent to the Reserve Bank of India.

Difference between an ordinary cheque and a traveler's cheque

<i>Ordinary cheque</i>	<i>Travelers cheque</i>
1. For issuing a person should have a bank account (either current or saving).	1. No need of any bank account for purchasing and encashing of traveler's cheque.
2. Any amount can be filled in the cheque as they are blank.	2. Have a fixed amount printed on its face and available in different denominations.
3. Only one signature is needed of the holder.	3. Two signatures are required (one in the presence of the issuing authority and second in the presence of encashing authority).
4. Ordinary cheques are valid only for 3-6 months.	4. Valid for indefinite period of time unless dated.
5. These cheques can be crossed for account payee.	5. No such provision.
6. No slip/list of lost, damaged or stolen cheques is issued by the bank.	6. Many banks issue a stop list for stolen and damaged cheques.
7. Cheque may bounce as the balance in the account may be less than the cheque	7. No such possibility as the amount is already printed on the face of the cheque.
8. Not safe as someone might force the owner to sign the cheque.	8. Quite safe because the second signature have to be put in front of the encashing authority.

Procedure for accepting foreign currency:

- Request guest passport and determine the credentials such as name and photo identification place of issue and date of expiry of the passport.
- Confirm that the guest is a resident of the hotel by asking his room no. If the guest is a non-resident the permission of the lobby manager is obtained who will extend this facility to VIP's and regular guests.
- Receive the cash or traveler's cheque in foreign currency.

- Calculate the total amount of local currency to be paid by multiplying the foreign currency by the exchange rate displayed.
- Fill in details of the foreign currency encashment certificate.
- Request the guest to sign the foreign currency encashment certificate and compare the signature with the passport.
- Request the guest to sign the traveler's cheque if it is an instrument of exchange.
- Give the total amount of local currency with the encashment certificate to the guest
- Second copy of the certificate is attached to the notes or traveler's cheques received
- Third copy remains in the encashment certificate book.
- Fill in details in the record of foreign currency transactions.
- Fill in details of the foreign currency transaction in the cashier's report.

II. CREDIT CARD TRANSFER

Even though credit card transfer settlement brings a guest account to zero, the amount of the charge must be tracked until payment is actually received from the credit card Co.

Credit card settlement creates a transfer of credit on the guest folio and moves an account balance from the guest ledger to a credit card account in the city ledger (non-guest ledger).

(Procedure).

Guest signature completes this transaction. In some hotels computer system sends the settlement transactions directly to the credit card Co. guest only signs on the voucher present at FO. There is no need to sign on imprinted voucher. When foreign guests pay by credit card, credit card Co. payment is in local currency.

III. DIRECT BILLING TRANSFER

Like credit card settlement, direct billing transfers a guest account balance from the guest ledger to the city ledger. Unlike credit card settlement responsibility for billing and collecting a direct billing lies with the hotel rather than an outside agency. Billing should be arranged and approved by hotel's credit department. Guest signs the folio and accepts the responsibility to pay the bill should direct billing account not pay the bill.

IV. COMBINED SETTLEMENT METHOD

A guest may elect to use more than one settlement method to bring the folio balance to zero.

E.g., guest may make partial cash payment and charge the remainder of the account balance to an acceptable credit card. FOA must accurately record the combined settlement methods and take care that all required paper work is properly completed. Once the guest has settled the account the FOA should provide the guest with a copy of the folio.

Good evaluation and follow up should be there as it is the last chance to make an impression.

LATE CHECK OUTS

Guests do not always check out by the hotels posted check out time. To minimise late check outs, the front office should post check out time notices in conspicuous places such as back of the guest room door, FO, in departure material etc. some hotels charge late check out fee. Explain to the guest why the fee is charged (management policy, HK can prepare room for other guests arriving that day).

CHECK OUT OPTIONS

Advance in technology with special guest service to expedite departure activities.

1. Express check out

Guests may encounter line at front desk when checking out during the peak hours (e.g., between 7.30 and 9.30 am). To ease front desk volume, some FO initiate check out activity before the guest is actually ready to leave. A common pre departure activity involves producing and distributing guest folios to guests expected to check out. FO, HK or Security staff can quietly slip the folio into the guestroom, while they go for their rounds. By completing such a form, guest authorises the front office to transfer his or her outstanding folio to the credit card voucher created during registration.

Procedure for express check-out:

The receptionist should inform the guest about the express check out facility in the hotel

If the guest wishes to use this facility obtain his card during check in

Take the impression of the card on a charge slip and on the express check out slip.

The charge slip is signed by the guest.

One copy of the express check out slip is 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 out drop box located in the lobby at the time of his departure.

Attach a copy of the charge slip and express check out slip to the registration card

The lobby manager/duty manager files his copy of express check out slip as per the check out date.

A day prior to the guests check out the copy of the guest bill is sent to the room with an ECO sticker attached

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.

This system is available only for credit card paying guests and is a facility given to those guests who avoid going physically to the cashier's desk at the time of check out for considerable time saving.

2. Self check out

In some hotels guests can check themselves out of the hotel by accessing self check out terminals in the lobby or in room system interfaced with front office computer intended to reduce check out time and front desk traffic. Some resemble automatic bank teller machines while others possess video and audio capability.

Credit card has to be used (number or magnetic strip). Check out is complete when the guest's balance is transferred to a credit card account and an itemised account statement is printed and dispersed to the guest. This system sends an updated room status to front office computer.

In room folio review and check out usually relies on an in room television or guestroom telephone access via an in room TV. Guests can pick up a printed folio at the front desk on his way out.

In room self check out automatically updates room status and creates Guest History records. Another advantage is guests can look at their folios at any time during their stay.

UNPAID ACCOUNT BALANCES

No matter how carefully the front office monitors guest's stay there is always possibility that the guest will leave without settling his account. Guest may forget to check out or front office may discover late charges for a guest who has already checked out. After departure charges or outstanding balances represent unpaid account balances.

LATE CHARGES may be a major concern in guest account settlement. Restaurant, telephone, room service charges etc are the examples of some potential late charges. Sometimes additional cost of postage, stationary, labor, etc is more than the late charge itself. It is important in maximising the profitability.

FOLLOWING STEPS CAN BE TAKEN TO REDUCE LATE CHARGES:

In automated and semi automated system front office can-

- Post transactional vouchers as soon as they arrive at the front desk.
- Survey front office equipment and voucher and folio racks for unposted charges.
E.g., local telephone, in room movie charge meters may posses information not recorded in a voucher.
- Ask departing guests whether they have incurred any charge purchase or long distance calls that do not appear on the folio.

Front may appoint runners to collect vouchers or get information on phone at peak hours.

Front office computer system that interfaces with revenue center outlets is often the most effective means of reducing or even eliminating late charges. Room key deposits at reception counter help in reducing unpaid balances.

ACCOUNT COLLECTION

Late charges that are billed to departed guests should not be classified as un- collectible until the front office has exhausted all billing and collection procedures.

A registration card should contain guest address, phone number etc. Procedures for collection of late charges will be different for cash and credit card depending on company policy for late charges.

Guest account not settled at check out regardless of the credit established or prepayments processed during registration are transferred from the guest ledger to the city ledger, from front office to hotels accounting division.

TYPICAL CITY LEDGER ACCOUNT INCLUDE:

1. Credit card billing- to authorised credit card billing.
2. Direct billing-to approved company and individual account.
3. Travel agency account- for authorised tours and groups.
4. Bad cheque account- resulting from departed guests whose personal cheques were returned unpaid.
5. Skipper account- guests who left the hotel without settling their account.
6. Disputed bills account- for guests who refuse to settle their account (in part or in full) because of a discrepancy.
7. Guaranteed reservation account- for billing and tracing no show guests.
8. Late charges account- for guests who checked out before some charges were posted to their account.
9. House accounts- for non-guest business and promotional activities.

To be effective, the front office must establish a policy for billing departed guests with overdue account.

Account receivable billing include determining:

1. When outstanding account balances are payable.
2. The number of days between billing.
3. How to control departed guests whose accounts are overdue.

Collection schedules can range from aggressive (short cycle) to lenient (long cycle) depending on the hotels financial needs, clientele profile, history of collection patterns and so on.

- Firm in any encounters involving deferred payment.
- Documented procedure for collecting overdoes.
- Credit for tour group to be established well before they arrive.
- Uncollectible accounts to be sent back to the departments that originally accepted the uncollectible charge.

FRONT OFFICE RECORDS

Front office usually makes two copies of each guest account folio.

1 copy - guest receipt

2 copy - hotels permanent record

Front office that uses three part folio, file the third copy with credit card voucher or direct billing statement in case the guest later needs a summary of charges.

Registration cards are filed alphabetically whereas guest folios are filed numerically.

GUEST HISTORIES

Front office management can better understand its clientele and determine guest trends when it develops and maintains a guest history file.

It contains personal and financial data of the guest hence it is confidential and proprietary. It is the last step in check out and account settlement. Many hotels build guest history cards from expired registration cards. It has information about the guest's spouse, family etc. the information may help develop ads that appeal to the types of clientele the hotel is attempting to attract. Guest histories may also point out the need for new, supplementary or enhanced services.

MARKETING FOLLOW THROUGH

Hotels marketing department may rely in part on guest history files to develop new marketing strategies. Also, a property-marketing programme may depend on the front office performance and follow through at check out.

E.g., marketing department creates a program to reward frequent guests with a free stay. Front office may be responsible for tracking the number of stays.

Frequent travelers clubs are designed to encourage brand loyalty. Here airlines work as co marketers.

GROUP DEPARTURE:

At the Bell desk:

Sufficient number of bell boys are arranged to handle luggage of the group. Baggage down time and wake up calls times are important and must be checked and followed strictly.

Allocate floors and rooms to bell boys to bring down the luggage down to the lobby.

If on the day of departure the guests are not in the room the bell boys go to each group member's rooms and "pull" each group members baggage out of the room and bring it down to the lobby until the group is ready to leave. This process is called as "bag pull"

Baggage is brought down to the lobby and counted. Bell captain obtains a baggage outpass.

Room keys are handed to reception

After clearance from the cashier and reception

Finally the baggage is loaded onto the vehicle by the bellboys.

At the reception:

Departure notification slips are issued half an hour prior to actual departure by the receptionist to telephones, housekeeping, room service, and food and beverage etc. to avoid any late charges.

At the cashier:

Cashier prints out the master folio and individual folios {if any}.

Makes a room wise summary for easy collection

Master folio given to the tour leader and the individual bills are collected with the assistance of tour leader.