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Objective

To ensure the underlying cost controls are not undermined by inadequate controls on the capture of revenue.

POLICY

The management of the hotel will establish the price at which it expects to sell its food and beverage. All sales recorded and the recording should be at these prices.


PROCEDURE

a) GUEST CHECK VERIFICATION

1. As part of the revenue control procedures management may require cash integrity audits by group internal audit, public accountants and mystery shoppers at least quarterly.
2. The focus of the cash integrity audit should be to confirm that guest checks are not being reused for different tables at buffets and in beverage outlets, or during fixed price periods (i.e. afternoon tea, businessman's lunch etc.). This practice, which is known in the industry as "swinging checks", is the easiest and most common form of theft in food and beverage outlets. F&B officers, Management staff, Cost Controllers should routinely spot check that:
 - Checks have been opened for all occupied tables
 - Inexplicable delays have not occurred between the opening and printing of a check
 - Inexplicable delays have not occurred between the printing and closing of a check
 - Reprinted checks have been authorised by a supervisor
3. The revenue control procedures require that the kitchen should not prepare any orders, which have not been printed by the kitchen printer. The Cost Controller should spend some time observing this procedure in actual operation to ensure it is being performed as a matter of strict routine.

b) DESSERT AND COFFEE SALES

1. No order is issued to the kitchen in respect of these items. It is therefore possible that the revenue may not be recorded. Employees should be instructed to peruse each check before presentation to the guest, in case any items such as these are missing.
2. Additionally, a review of the consumption patterns should be undertaken periodically to determine how the actual sales correspond with established trends.
3. To identify a pattern, the sales should be monitored for a typical shift period; e.g. a week of lunchtime service. The number of portions of coffee and desserts and cheeses sold should be expressed as a percentage of the total covers served. The resultant percentage should serve as a standard for measuring future sales.

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4. The portion control test outlined in the section above will assist in the identification of a variance caused by unrecorded sales. This type of monitoring can also be used to control incentive sales schemes.
5. Usually bar staff is responsible for preparation, service and recording sales. It is therefore more difficult to ensure all sales are being recorded.
6. Where there is concern over the results being produced in a bar, it is possible to calculate potential daily sales revenue, which may then be compared with actual.
7. This is done by valuing the requisitions of the outlet for a given period at sales prices. Additionally an inventory count of the beverage in the outlet at the beginning and end of the given period should be undertaken in order to identify the value of measures consumed in the period.
8. This exercise should be undertaken every time the monthly potential is outside the stated perimeter of 0.5% but it is advisable to perform snap inventory counts on bars as routine procedure.

c) HOUSE ACCOUNT

1. On occasion management executives and department heads will use the F&B outlets either for their own meals while on duty or to entertain guests. This is not revenue, since they are entitled to do so as part of their conditions of employment.
2. The food and beverage consumed by them must be recorded at selling price to enable a control on the cost of sales percentage to be maintained.
3. Food and beverage consumed in this way should be recorded on guest checks and closed to a pre-programmed settlement button within the POS, which performs a similar function to a void.
4. By doing so, the consumption is recorded for F&B cost adjustment but no other action is required other than verification by income audit and no distortion of actual revenues will result.
5. Such checks will be verified daily by income audit to ensure that this privilege is not being abused. Each check must be signed by the officer concerned and should indicate whether the charge was for a duty meal or entertaining. In the case of entertaining, the name and company affiliation of the guests should also be recorded.
6. Cost adjustments for the previous day's house account checks will result in a credit corresponding to the food and/or beverage etc. cost of sales, with the corresponding debit going to either employee meals or entertaining. The cost percentage to be used should be the latest actual cost for the outlet.

d) FUNCTION CONTROL

1. The Banqueting Department should raise a banquet control sheet for all functions. The Credit Manager shall approve the control sheet for functions on a credit basis.

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The income auditor should check the banqueting invoice raised after the function against the control sheet to ensure all items have been charged.