

Essential Accounting Balancing (Post Rollover)- *Mandatory Task*

In relation to your business, the most important daily task in the PMS is the Essential Accounting Balancing. It ensures that the financial figures being reported in the PMS are accurate and in balance. Most properties will be taking these figures from the PMS, and importing them into external accounting software in order to balance and track the business performance of the property.

It is each property's responsibility to perform the Essential Balancing on a daily basis, and to keep their property in balance.

Please note that **if an imbalance is found, it must be dealt with within the first 4-5 business days of discovery.** Leaving an imbalance in the system can result in it compounding, or becoming buried within the history, making it increasingly difficult to find as time passes. In some cases, it may eventually reach a point where it becomes impossible to bring the property back into balance.

If you discover an imbalance, and after making every reasonable effort, you are unable to solve at the property level, please have a Manager or Key Operator call our Customer Support line during our regular business hours, Monday to Friday. If an imbalance is found on a weekend, it is fine to wait until the Monday before calling Support. *Any calls regarding imbalances received during the After Hours period are not considered an emergency, and may be subject to additional support fees. If an imbalance is not reported for several weeks or months, fees will be levied on any assistance offered by our Customer Support in resolving the issue.*

Understanding GL Accounts and Revenue flow in the PMS

Each business day is marked by a starting point and an end point. The starting point is immediately after your Rollover Time, and the end point is just before the Rollover Time. Each GL Account will be marked with an Opening balance at the start of the business day. Over the course of the day, as charges are posted and payments are taken, a series of Journal Entries take place on the back-end of the PMS in the form of Credits and Debits. At the end of the day, the net amount of these Credits and Debits will be combined with the Opening Balance to establish the Closing Balance of a GL.

In order for the PMS to properly route the revenue to the right place, each Transaction Code **must** be connected to the correct GL Accounts. The process of mapping Transaction Codes to GL Accounts tells the PMS what accounts are credited and debited when the Transaction Code

is posted. As Transaction Codes will vary from property to property, and can be added at any time, this process needs to be done every time a new Transaction Code is created in the system. *If a new Transaction Code needs to be added, and you are unclear on how to configure the GL Accounts, please have a Key Operator or Manager contact our Customer Support Line during our regular business hours.*

The Essential Balancing task is about cross-referencing the 3 Receivable GL Accounts in the PMS, and ensuring they are kept accurate and in balance. **By default, these 3 accounts come configured properly in the PMS when it is initially set up, and should not be changed for any reason.** Each of the Accounts serve a specific purpose by tracking revenue through the different stages of a reservation; pre-stay, stay, and post-stay.

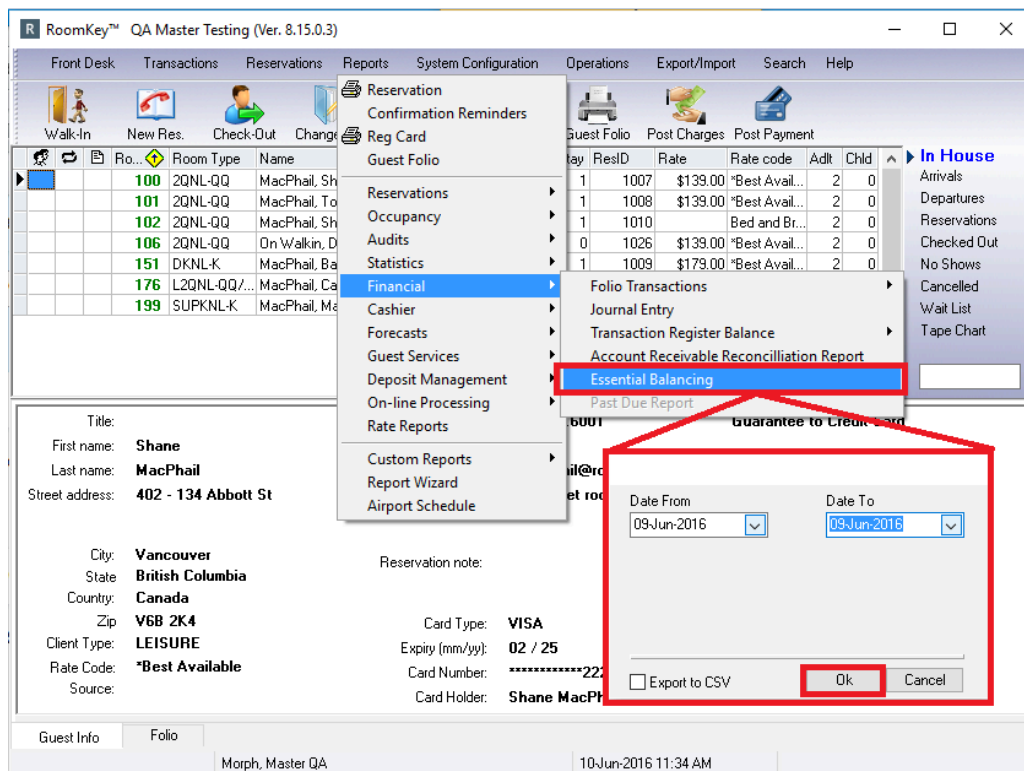
The purpose of Essential Balancing procedure is to analyze the following 3 Receivable GL Accounts:

- **Deposit Holdings (pre-stay)** - This account will contain revenue that is collected on a reservation before it is checked in. Any Advance Deposits will be tracked through this account. When a reservation with a deposit is checked in, the deposit will be moved from the **Deposit Holdings** GL to the **A/R Guest** GL through the **Deposit Transfer** transaction code, a special code that auto-posts on the back-end through a journal entry.
- **A/R Guest (stay)** - This GL Account holds the balances of all In-House Guest accounts. All postings and payments to In-House reservations or House Accounts will contribute to the balance of this GL Account. When a reservation is checked out, if it is being direct billed to a City Ledger Account, the balance will then be transferred to the **A/R City** GL as an invoice. It will remain an outstanding invoice on the City Ledger until a payment is received.
- **A/R City (post-stay)** - All outstanding balances transferred from the Guest Ledger to the City Ledger will be reflected on this GL Account. This includes invoices for individual guests, as well as Groups or Wholesalers. In addition to the invoices on the City Ledger, **all transactions posted through the Sundry Sales module will also impact the A/R City.** As the Sundry Sales module is based on over-the-counter transactions, and does not require charges to be posted to an In-House reservation or room, revenue from this module is tracked through the A/R City GL Account.

These 3 GL Accounts should be the ONLY Receivable GL Accounts in the system. Adding other Receivable GL Accounts can compromise the integrity of these accounts in the PMS, and result in imbalances.

The Essential Balancing Report

The report for balancing is found under **Reports > Financial > Essential Balancing**. The report should be run any time after the property's Rollover time, and will always be run for the previous day.



Balance Checks

The following steps explain how to compare the reports, and what figures to be looking at to determine if the property is in balance. **PLEASE NOTE:** your property may have renamed the three GL Accounts. In this case, the order of the GL Account may be different for you.

****negative "-" symbols are ignored, we are comparing the value****

1. In House Guests Balance Out = A/R Guest Balance Out
2. City Account Balance Out - A/R City Balance Out
3. Deposit Detail = Deposit Holdings Balance Out

QA Master Testing
Essential Balancing
June 09, 2016 to June 09, 2016

Date	D	In-House Guests Balance Out	City Account Balance Out	Deposit Detail	A/R Guest Balance Out	A/R City Balance Out	Deposit Holdings Balance Out
09 Jun 2016	T	1,458.42	20,048.84	-1,399.60	-1,458.42	-20,048.84	1,399.60

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Troubleshooting Imbalances

Occasionally when performing the Essential Balancing, imbalances will be found. They need to be investigated and resolved immediately. Some of the most common imbalances are due to properties not performing all the necessary checks and balances on a regular basis. An imbalance can be caused by **Unbalanced Folios, Overstayed Reservations, No Shows from previous days, or Transaction Codes that have not been properly connected to GL Accounts.**

The following checks should be done to investigate the imbalance (*Our Customer Support requires all 3 tasks are done before requesting assistance*):

1. Ensure there are no **Unbalanced Folios** in the system
2. Ensure there are no **Overstayed Reservations** still checked in
3. Ensure there are no **No Shows** left with a balance (ie. Advance Deposit). *The action taken to resolve this will be based on the property's Cancellation Policy.*

Once these checks are complete, and **only** if you made any corrections during the process, run the Essential Balancing reports again **for the current business day**. *When running the reports for the current day, the reports will only show the account balances as of the time they are run.*

Because postings and payments will be made during the current day, the report totals will change by the end of the business day, but if you run all the Balance Checks again and find the totals at least match, you can be assured that the issue was fixed and the property will be back in balance when the Audit is run again the following night.

If the imbalance has still not been found, determine which account is out of balance; Is it **Deposit Holdings, A/R Guest** or **A/R City**? Knowing where the imbalance is can indicate the possible cause, and what to look at.

The next step is to run the Transaction Register Balance and look for a transaction that may be equal to the amount of the imbalance. *(It may consist of more than one transaction, so this step requires a keen eye).* To do this, go to **Reports > Financial > Transaction Register Balance > Detail > With Guest Names** - run report for the date being audited.

If still unable to find the imbalance, run the Journal Entry report in detail for the date being audited. To do this, go to **Reports > Financial > Journal Entry (choose option: Expand All)**. Using this report, review the Debits and Credits under each of the GL Accounts to see if there is a Journal Entry that equals the amount of the imbalance.

If still unable to find the imbalance, a member of the Accounting Team must review the Transaction Codes in the system, and check that all codes are connected to the right GL Accounts.

If all the above steps have been completed, and you are still unable to find the imbalance, have a *Manager or Key Operator* contact our Customer Support Line during our regular office hours, Monday to Friday. **Imbalances are not considered to be an emergency, and any calls placed to the After Hours Emergency Support Line will be billed accordingly, at the hourly rate of \$140.00.**