



F&B SERVICE MANAGEMENT
UNIT-3 SALES
CONTROL





CH: 1.
PROCEDURE OF CASH
CONTROL





CH: 1. PROCEDURE OF CASH CONTROL

Cash control is a process that is utilized to verify the complete nature and accurate recording of all cash that is received as well as any cash disbursements that take place. As a broad principle of responsible financial accounting, cash control takes place in an environment where goods and services are bought and sold. As such, businesses, non-profit organizations and households all employ the basic of cash control.



CH: 1. PROCEDURE OF CASH CONTROL

To fully understand cash control, it is helpful to understand what is meant by cash, when it comes to financial accounting. Along with referring to currency and coin, cash is also understood to include forms of financial exchange like money orders, credit card receipts, and checks. Essentially, any type of financial exchange that can be immediately negotiated for a fixed value qualifies as cash.

Cash control means competently managing all these types of financial instruments by maintaining an accurate tracking system that accounts for both receiving and disbursing the cash. Designing a cash control process is not difficult at all. There are a few basic elements that will be incorporated into the process regardless of whether the cash control procedure is used in the home or in an office or business environment.



CH: 1. PROCEDURE OF CASH CONTROL

First, all transactions related to cash must be documented and recorded immediately. With cash control, there is no use of the accrual method of accounting. Each cash receipt is recorded upon reception, while each disbursement is entered at the time that the payment is released. The mode of documentation requires only some basic template that will record the necessary data. For the home, a checking account can be used to track all cash deposited into a common account for the good of the home, with the chequebook register can serve as the basic document that keeps track of the inbound and outbound transactions.



CH: 1. PROCEDURE OF CASH CONTROL

Cash control procedures require that there be only certain individuals who have access to the cash. This type of security serves two purposes. First, accountability is established in the way that the cash is managed. Second, the empowerment of two people to oversee cash control helps to ensure that important transactions can take place at any given time, even if one individual is unavailable for some reason.

Last, cash control demands that the documents related to the task are kept separated from the physical location of the cash. In other words, the accounting book that is used to record the cash transactions should not be kept in the safe with the currency, money orders, and checks. This simple precaution helps to ensure that the task of altering the physical evidence related to cash in hand is more difficult and thus minimizes the chances for theft to occur.



CH: 2.
MACHINE SYSTEM





CH: 2. MACHINE SYSTEM

PRE-CHECKING SYSTEMS

Pre-check machines are somewhat similar in appearance to a standard cash register and are designed to operate only when a sales check is inserted into the printing table to the side of the machine.

The machine is operated in the following way.

- ❖ A waiter has his/ her own machine key.
- ❖ A check is inserted into the printing table and the particular keys, depending on the order taken, are pressed giving an item and price record as well as recording the table number, the number of covers and the waiter's reference number.
- ❖ A duplicate is printed and issued by the machine which is then issued as the duplicate check to obtain food and/or beverages.



CH: 2. MACHINE SYSTEM

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- ❖ For each transaction, a reference number is given on the sales check and the duplicate.
- ❖ All data is recorded on a continuous audit tape that can be removed only by authorized persons at the end of the day when the machine is cleared and total sales taken and compared to actual cash received.



CH: 2. MACHINE SYSTEM

THE ADVANTAGES OF THE SYSTEM ARE:

- ❖ The sales check is made out and a record of it made on the audit tape before the specific items can be obtained from the kitchen or bar.
- ❖ Analysis of total sales per waiter is made on the audit tape at the end of each shift.
- ❖ No cashier is required as each waiter act as his/her own cashier, each keeping the cash collected from customers until the end of the shift and then paying it in.
- ❖ As each waiter has his/her own security key to operate the machine, there is restricted access to the machines and no other way by which pre-checks can be provided and used in exchange for items from the kitchen or bar.



CH: 2. MACHINE SYSTEM

PRE-SET PRE-CHECKING SYSTEM

This is an update on the basic pre-check machine. The keyboard is much larger than the previous machines and has descriptive keys corresponding to all items on the menu which are pre-set to the current price of each item. A waiter pressing the key for, say one cheeseburger would not only have the item printed out but also the price. A control panel, kept under lock and key, would enable management to change the price of any item if required, very quickly. It is also possible to have a running count kept of each item recorded and at the end of a meal period by depressing each key, in turn, to get a print out giving a basic analysis of sales made



CH: 3.
ECR (ELECTRONIC CASH REGISTER)





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An electronic cash register (ECR) is a system designed to enable products to be sold at a retail outlet. Electronic cash registers help large retail outlets track sales, minimize register errors, collect inventory data and much more.

These are very high-speed machines which were developed mainly for operations such as supermarkets and were further adapted for use in high volume catering operations. They are robust machines that apart from printing the customer bill they can also provide basic reports such as sales by type of product, payment method, etc. The advancement in EPOS technology and the low costs are making Electronic cash registers (ECRs) a thing of the past, although in small operations that do not require heavy inventory control and detailed reporting an ECR is still the choice due to its much lower cost.



ECR (ELECTRONIC CASH REGISTER)

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ITS FOLLOWING ADVANTAGES ARE;

- ❖ Print checks, including the printing of previously entered items.
- ❖ Provide an analysis of sales by waiter per hour shift period.
- ❖ Provide an analysis of sales made by the type of product.
- ❖ Analysis of sales by a method of payment (cash, cheque, credit card, etc...)
- ❖ Complete automatic tax calculations and cover service charges.



CH: 4.
NCR (NATIONAL CASH REGISTER)





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NCR Corporation, previously known as National Cash Register is an American software, managed and professional services, consulting and technology company that also makes self-service kiosks, point-of-sale terminals, automated teller machines, check processing systems, and barcode scanners.

“A cash register (US English) or till (British English) is a mechanical or electronic device for calculating and recording sales transactions, and an attached cash drawer for storing cash. The cash register also usually prints a receipt for the customer.”



CH: 4. NCR (NATIONAL CASH REGISTER)

In most cases, the drawer can be opened only after a sale, except when using special keys, which only senior employees and the owner have. This reduces the risk of employees stealing from the shop owner by not recording a sale and pocketing the money when a customer does not need a receipt but has to be given change (cash is more easily checked against recorded sales than inventory). In fact, cash registers were first invented for the purpose of eliminating employee theft or embezzlement, and their original name was the Incorruptible Cashier. It has also been suggested that odd pricing came about because by charging odd amounts like 49 or 99 cents, the cashier very probably had to open the till for the penny change and thus announce the sale.



CH: 4. **NCR (NATIONAL CASH REGISTER)**

HISTORY OF NATIONAL CASH REGISTER

The first cash register was invented by James Ritty following the American Civil War. He was the owner of a saloon in Dayton, Ohio, USA, and wanted to stop employees from pilfering his profits. He invented the Ritty Model I in 1879 after seeing a tool that counted the revolutions of the propeller on a steamship. With the help of John Ritty, his brother, he patented it in 1883.

The first registers were entirely mechanical, without receipts. The employee was required to ring up every transaction on the register, and when the total key was pushed, the drawer opened and a bell would ring, alerting the manager to a sale taking place. Those original machines were nothing but simple adding machines.



CH: 5.
POS (POINT OF SALE)





CH: 5. POS (POINT OF SALE)

A point of sale system, or POS, is the place where your customer makes a payment for products or services at your outlet. Simply put, every time a customer makes a purchase at your outlet, they're completing a point of sale transaction.

The POS serves as the central component for business; it's the hub where everything—like sales, inventory and customer management—merges.

Point of sale (POS) (also sometimes referred to as Point of purchase (POP)) or checkout is the location where a transaction occurs. A “checkout” refers to a POS terminal or more generally to the hardware and software used for checkouts, the equivalent of an electronic cash register. A POS terminal manages the selling process through a salesperson accessible interface. The same system allows the creation and printing of the receipt.



CH: 5. POS (POINT OF SALE)

Hospitality point of sales systems is computerized systems incorporating registers, computers and peripheral equipment, usually on a computer network. Like another point of sale systems, these systems keep track of sales, labour and payroll, and can generate records used in accounting and bookkeeping. They may be accessed remotely by restaurant corporate offices, troubleshooters and other authorized parties.

Point of sales systems has revolutionized the restaurant industry, particularly in the fast food sector. In the most recent technologies, registers are computers, sometimes with touch screens. The registers connect to a server, often referred to as a “store controller” or a “central control unit.” Printers and monitors are also found on the network. Additionally, remote servers can connect to store networks and monitor sales and other store data.



CH: 5. POS (POINT OF SALE)

The efficiency of such systems has decreased service times and increased efficiency of orders.

Another innovation in technology for the restaurant industry is Wireless POS.

Many restaurants with high volume use wireless handheld POS to collect orders which are sent to a server. The server sends the required information to the kitchen in real time.



CH: 6.
REPORTS





CH: 6. REPORTS

A **REPORT** is a document that presents information in an organized format for a specific audience and purpose.

PURPOSE OF REPORT-

Reports communicate information which has been compiled as a result of research and analysis of data and of issues. Reports can cover a wide range of topics, but usually focus on transmitting information with a clear purpose, to a specific audience. Good reports are documents that are accurate, objective and complete. They should also be well-written, clearly structured and expressed in a way that holds the reader's attention and meets their expectations.



CH: 6. REPORTS

SALES SUMMARY SHEET

The sales summary sheet is an analysis of all the transactions/cash taken during the particular period of service. It is prepared to know the revenue generated through the sales of food, beverages, the modes of bill settlement- cash, cheque, credit card, amount charged to room accounts, tax amount, discounts given etc. the basic information required in a sales summary sheet includes the following:

- ❖ Date
- ❖ Bill number
- ❖ Table number
- ❖ Number of cover per table
- ❖ Bill amount
- ❖ Modes of payment- cash, credit card, cheque, posted to room
- ❖ Analysis of food, beverages, and other sales items.



CH: 6. REPORTS

DAILY SALES REPORT-

Sound financial tracking begins with the accurate recording of sales. The Daily Sales Report (DSR) is the core tracking element for controlling cash, measuring cost vs. sales performance, and forecasting future sales.



CH: 7.
THEFTS/FRAUD





CH: 7. THEFTS/FRAUD

Fraud has a detrimental impact on most businesses and the hospitality industry is not immune to it. According to the Report to the Nations on Occupational Fraud and Abuse, a study by the Association of Certified Fraud Examiners, the typical organization loses 5% of revenues in a given year as a result of fraud. For hotels, industry statistics indicate that organizations lose 5% to 6% of annual revenue from fraud perpetrated by employees and guests.

Losses from fraud would be amplified for organizations owning a chain of hotels. Restaurants have a similar problem. According to the National Restaurant Association, restaurants lose roughly 4% of revenue due to fraud as well, posing a significant obstacle for restaurants with thinner net margins.



CH: 7. THEFTS/FRAUD

MAJOR TYPES OF FRAUDS-

1. Failure to make K.O.T
2. Failure to make check.
3. Failure to record sales in sales summary sheet.
4. Under-recording of sale.
5. Pickup of food without proper check.
6. Charging incorrect room rent.
7. Selling room without registration.
8. Payment of bill twice.
9. Collecting payment from guests without bill.
10. Receiving bills twice for one supply.
11. Ghost payrolls.
12. Receiving a bill without goods.
13. Full payment made for standard goods received.



CH: 8.
CASH HANDLING





CH: 8. CASH HANDLING

HANDLING AND SAFEGUARDING CASH-

- ❖ All cash, checks, and payment cards should be kept in a locked/combination vault or safe, or, in a locked room in a locked drawer or file cabinet, during non-business hours.
- ❖ Access to areas where cash is stored should be limited to only those employees who need access, and have been designated to have access.
- ❖ During business hours, all forms of cash should be stored in locking drawers, cash registers, and cash boxes.
- ❖ Only the cashier collecting these monies should control over this cash, and make sure that the cash is securely locked when they take lunch or a break.
- ❖ The cashier should have complete control and responsibility for the cash they collect during business hours.



CH: 8. CASH HANDLING

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- ❖ To reduce the risk of error, all cash should be separated according to the denomination and should face the same direction.
- ❖ Checks should be kept together separately, and credit card receipts and any other documentation should also be kept together separately.
- ❖ Credit card machines and the receipts should not be left unattended.
- ❖ They should be kept in an inaccessible area.
- ❖ When possible, areas that store cash should be alarmed during non-business hours.
- ❖ All types of cash should be deposited within 3 business days.



CH: 8. CASH HANDLING

PETTY CASH

Petty cash or a petty cash fund is a small amount of money available for paying small expenses without writing a check. Petty Cash is also the title of the general ledger current asset account that reports the amount of the company's petty cash. The amount of petty cash will vary by company and may be in the range of \$30 to \$300.

The petty cash is controlled through the use of a petty cash voucher for each payment made. The expenses will be recorded in the company's general ledger expense accounts when the petty cash on hand is replenished.



CH: 8. CASH HANDLING

- ❖ Departments needing to provide change or reimbursements should request a petty cash fund from General Accounting.
- ❖ This cash should be counted daily and logged.
- ❖ When cash becomes depleted, a refund check should be requested by the petty cash custodian to Accounts Payable.
- ❖ This check can be cashed at the main Cashier's window in the Student Services Building, room.

PETTY CASH RECEIPT	
Date: _____	Approved by: _____
Receipt number: _____	Received by: _____
Description	Amount



CH: 8. CASH HANDLING

TRANSPORTING CASH

- ❖ Completed deposits should be sent to the bank, or to the main Cashier's Office in the Student Services Building within 3 days.
- ❖ If delivered in-person to either the bank or the Cashier's Office, 2 people should make the delivery.
- ❖ Deposit should be delivered to the Cashier's Office in an inconspicuous manner, such as University campus envelope, or in a backpack or large bag.
- ❖ If you walk on-campus to deliver your deposits, change your route and delivery time regularly.
- ❖ Delivery to the bank or the Cashier's Office may also be done by armoured car service.



CH: 8. CASH HANDLING

OVERAGES AND SHORTAGES-

- ❖ When an overage or shortage is identified, a supervisor should recount the deposit.
- ❖ If it is a valid overage or shortage, an accounting entry should be made immediately to document the difference in the general ledger.



Thank
you.