

CLUB RESOURCES INTERNATIONAL

Club Accounting Standards, Policies & Procedures

Sample

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This document serves to showcase the scope and quality of Club Resources International's Accounting Standards, Policies & Procedures. The full set of 175 policies and 47 associated forms may be purchased from the CRI Website Marketplace. CRI also provides customized drafting and editing of club standards, policies and procedures. Contact us at info@clubresourcesinternational.com for more information and pricing.

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Subject: Accounting Policies

A-1001

- A. Policy. It is the policy of the Club that all Accounting Policies are in written form, updated as necessary, stored in the Club Information Database, made available to Club Managers and supervisors, and applied consistently in the conduct of Club business.
- B. Discussion. Accounting Policies are an outline of the basic policies, procedures, and practices that govern the accounting functions of the Club.
- C. Responsibilities
1. It is the responsibility of all Club Managers to propose Accounting Policies to the Club Controller.
 2. It is the responsibility of the Club Controller:
 - a. To ensure that all policies are kept current, that the General Manager, Department Heads, and other key employees are kept aware of changes to policy,
 - b. To be the custodian of the Accounting Policies in the [Club Information Database], and to notify the General Manager, Department Heads, and other key employees of changes to the Accounting Policies via e-mail.
 3. It is the responsibility of the General Manager to approve all Accounting Policies.
 4. It is the responsibility of Department Heads and Supervisors to review changes to Accounting Policies as they are announced.
- D. Administration
1. Accounting Policies will be stored in the Club Information Database and reviewed annually in January for revisions or changes.
 2. Revisions and changes will be announced by the Club Controller via e-mail messages.
 3. Any Department Head or Supervisor may recommend changes in Accounting Policy to the Club Controller, however all policy additions and modifications must be approved by the General Manager. Likewise, matters of importance not covered or inadequately covered by policy should be brought to the attention of the Club Controller.
 4. Questions of interpretation of a policy shall be referred to Club Controller or General Manager for clarification and resolution.
 5. As used in Accounting Policies:
 - a. The words “shall” and “will” are to be construed as mandatory and the word “may” as permissive.

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- b. The masculine gender shall be construed to include the feminine gender.
 - c. “Supervisor” (with a capital ‘S’) means an individual with the authority to assign, direct, and review the work of two or more subordinates but without budgeting and bottom line responsibilities. When used in a general sense (uncapitalized), it means any supervisor, Department Head, or Manager.
 - d. “Department Head” refers to the following or comparable positions with budgeting and bottom line responsibilities: Club Controller, Director of Golf, Membership Director, Operations Manager, and Activities Director.
 - e. “Manager or General Manager” means that individual with “full charge” responsibilities of the Club.
 - f. “Policies Database” refers to the online, electronic version of the Club’s Policies and Procedures.
 - g. [Bracketed Words] indicate reference to other Accounting or Club Policies.
6. Managerial Discretion
- a. Written policies and procedures cannot possibly cover every possible circumstance.
 - b. The Club hires individuals for management and supervisory positions based upon their education, experience, maturity, and demonstrated ability so that they may use their judgment when confronted by situations not covered by policies and procedures.
 - c. While it is always recommended that management and supervisory staff consult with their superiors in these situations, circumstances may require an immediate decision or action. In such instances, management and supervisory staff should use their best judgment in making decisions or taking action.
 - d. In this sense, policies and procedures are to be considered guidelines or the Club approved way of doing things.
 - e. As a result, any policy or procedure may be modified or ignored as the situation demands, except those derived from the requirements of federal, state, and local laws or regulations. These must be followed to the letter to protect supervisors and the Club from legal action or regulatory censure and fines.
 - f. Having been provided this leeway in decision making, management or supervisory staff must also understand that those who routinely and without good reason ignore Club policies and procedures will be required to explain their actions and will ultimately be held accountable for their decisions.

Subject: Controller's Responsibilities

A-1003

- A. Policy. It is the policy of the Club that the Club Controller is the staff member who is generally responsible for providing expert consultation regarding all matters of financial management and accounting at managed facilities.
- B. Discussion. The responsibilities of the Club Controller are as follows:
1. Executing all of the [Accounting Functions], A-1002.
 2. Keeping current with Club accounting policies and procedures.
 3. Maintaining a printed reference copy of the most current accounting policies.
 4. Monitoring compliance of Club accounting policies and procedures by all supervisory staff. Reporting discrepancies or concerns to the General Manager in a timely fashion.
 5. Providing professional advice to the General Manager, Department Heads, and Supervisors on all accounting matters.
 6. Maintaining accounting records and evaluating accounting programs and policies.
 7. Providing feedback, recommendations, and suggested changes in accounting-related matters to the General Manager.
 8. Keeping the General Manager informed of all accounting-related issues or problems that occur.
 9. Coordinating and monitoring the completion of all necessary operating and capital budgets in a timely fashion.
 10. Supervising accounting function of the Club.
 11. Managing and conducting internal auditing programs to assure that records are accurately maintained and that established policies and practices are satisfactorily and consistently followed.
 12. Analyzing financial information, monitoring budgeted versus actual expenditures, and advising management about variances and their potential causes.
 13. Periodically participating in and verifying various inventories for beverages, food, supplies, equipment, furnishings, etc.
 14. Supervising accounting staff.
 15. Maintaining and troubleshooting computer hardware and software that relates to Club operations.

16. Establishing, maintaining, and monitoring compliance with the Club Internal Control Plan.
Alerting management to discrepancies and instances of failure to follow the plan.

17. Performing any other duties that may be assigned or is logically connected to financial and/or accounting duties.

SAMPLE

Subject: Managers' Fiscal Responsibilities

A-1004

A. Policy. It is the policy of the Club the General Manager and Department Heads exercise fiscal responsibilities for the Club and its departments.

B. Discussion

1. Managers are responsible for the financial performance of their club/departments. These responsibilities can be broken down into the following broad categories:

a. Budgeting

(1) Budgeting is the process of establishing a financial operating and capital plan for a future fiscal year. Budgets are formulated using past history, benchmarks, knowledge of upcoming events or trends, and one's best professional judgment.

(2) Managers are responsible for developing [Annual Budgets].

b. Comparing Actual Performance to Budget

(1) Once approved, budgets are the fiscal plan for the year.

(2) Managers are responsible for comparing actual performance to budgets on a monthly basis and intervening as necessary to achieve budget goals. See [Monthly Review of Operating Statements] and [Tools to Beat Budget™] for more information.

c. Achieving Revenues

(1) Achieving revenue projections is one of the two primary means of meeting budgets (the other being controlling expenses).

(2) Managers are responsible for monitoring revenues by means of the [Weekly Activity Report] and aggressively intervening when revenues fall short.

d. Controlling Cost of Goods Sold

(1) Departments with retail operations (Golf, Food, Beverage, and Tennis) also must control the cost of goods sold and investigate high cost of goods sold by [Cost of Goods Sold Analysis].

(2) Managers can do this by ensuring accurate [Monthly Resale Inventories], carefully tracking [Departmental Transfers] and [Adjustments], and using an [Annual Retail Buying Plan].

e. Controlling Payroll Costs

(1) Payroll is the single largest expense in Club operations. Controlling payroll costs is the

single most important expense that Managers must control. The [Pay Period Summary Report] and the [Departmental Payroll Summary Analysis] are effective tools to compare actual to budgeted payroll costs.

- (2) In order to control payroll costs, it is essential that Managers have timely and accurate data regarding their departmental payroll cost. Essential to getting this data is correctly following timekeeping procedures, setting schedules to meet forecasted levels of business, and the dogged determination to track payroll expenses closely to ensure that budgets are not exceeded.

f. Controlling Other Expenses

- (1) Other Expenses comprise all of the other departmental operating expenses.
- (2) Managers can do this by carefully reviewing expenditures on a monthly basis, using [Tools to Beat Budget™] to monitor expenses by expense category, and by periodic in-depth reviews of significant expense accounts.

g. Benchmarking

- (1) [Benchmarking] is the act of measuring operating performance.
- (2) Each Department Head is required to track detailed benchmarks for his area of the operation. See [Benchmarking Responsibilities] for more information.

h. Pricing

- (1) The starting point for meeting revenue projections is proper [Pricing of Products and Services] to ensure the sufficient markup to cover associated expenses.
- (2) Pricing should be reviewed on a periodic basis to ensure that budgeted margins are being maintained.

i. Purchasing

- (1) Managers are responsible for purchasing materials, supplies, and inventories for their departments.
- (2) Managers must be familiar with all Club purchasing policies (Accounting Policies – 400 Series) to properly fulfill these responsibilities.

j. Expense Coding

- (1) Managers are responsible to ensure that invoices for all purchased items are coded to appropriate expense accounts in a timely, accurate, and consistent manner.
- (2) See [Expense Coding] and [Expense Dictionary] for more information.

k. Inventory Management and Security

- (1) Given that high inventory levels tie up capital that might be put to better use elsewhere, managers must use common sense and good business judgment to maintain inventories at levels that balance business demands, lower pricing for bulk purchases, perishability of stock, and available warehousing space.
- (2) Inventories must be kept secured with access limited to as few individuals as possible. See [Storerooms and Par Stocks] for more information.
- (3) Storerooms must be kept neat, clean, and organized to facilitate physical inventory counts and minimize damage and spoilage.
- (4) Retail inventories should be purchased using an [Annual Retail Buying Plan] and [Open to Buy] software, thereby constantly monitoring inventory levels and product mix while minimizing markdowns. All merchandise sales during the year should be noted and marked down items analyzed in comparison with the Annual Retail Buying Plan to ensure that lessons are learned from buying mistakes.

l. Asset Management

- (1) Managers are responsible for protecting the assets assigned to their departments and in their care.
- (2) Periodic inventories are required for various assets. See inventory policies (Accounting Policies – 4500 Series) for more information.

m. Internal Controls

- (1) Managers are responsible for ensuring the efficiency of their operations and the security of all assets in their care.
- (2) Further, they must ensure they follow all requirements of Club internal controls (Accounting Policies – 9000 Series).

n. Point of Sale Transactions

- (1) The initial entry for all revenue data is through point of sale systems.
- (2) Managers are responsible for training their employees to correctly use the POS system and to retrain as necessary when a pattern of errors is evident in their departments.

o. Accounting Policies and Procedures

- (1) Managers should be familiar with all aspects of Club Accounting Policies and Procedures.
- (2) Managers are expected to follow all Accounting Policies and Procedures and recommend changes as necessary.

Subject: Accounting Forms

A-1009

Policy. It is the policy of the Club to facilitate Accounting Policies and Procedures with pre-designed accounting forms.

B. Discussion

1. Forms have been designed for most accounting functions and are resident on the Club Information Database. These forms may be downloaded and customized for local use.
2. Certain forms support the Club's internal control function and must be pre-numbered and controlled.
 - a. The Club Controller will download these forms and take the template to local printers for printing. Pre-numbered forms usually will be printed in a multi-part, no-carbon-required (NCR) format. The number of parts or pages should be determined by the anticipated use of the form. See [Internal Control Forms] for more information.
 - b. Pre-numbered forms must be controlled by the Accounting Office, i.e., when signed out to any operating department, the issued numbers must be recorded and signed for by the receiving supervisor using the Controlled Form Sign-Out, [SF Form 235].

C. Suggestions/Recommendations for Changes

1. Suggestions and recommendations to clarify, expand upon, simplify, or otherwise improve forms are encouraged and welcomed.
2. Any supervisor or manager with suggestions or recommendations for changes to forms should contact the Club Controller.
3. If in agreement with the suggestion or recommendation, the Club Controller will draft the modified form, circulate it as necessary for comment, and submit it to the General Manager for approval.

Subject: Petty Cash Funds

A-1503

- A. Policy. It is the policy of the Club that petty cash funds be established for emergency, small amount purchases and that petty cash funds be maintained, safeguarded, and replenished in accordance with established procedures.
- B. Discussion
1. Petty cash funds are established to allow Department Heads to make emergency, small amount purchases at times when the Accounting office is unavailable to prepare checks.
 2. Petty cash funds should not be used for large or ongoing purchases.
 3. No employee may borrow money from a petty cash fund.
 4. Petty cash funds may not be taken off Club premises for any reason.
 5. Petty cash funds are issued to the departments as necessary and subject to the approval of the Club Controller and General Manager. Petty cash funds should not normally exceed \$300.
 6. Petty cash funds will be issued in a metal strong box and must always be kept secured in this strong box and secured in a locked file cabinet. Access to the cash must be controlled by the Department Head to whom the fund is assigned.
 7. The Club Controller will conduct regular and surprise audits of each petty cash fund.
 8. Petty cash funds must be kept on an “imprest” basis. This means that receipts for items purchased and cash must always equal the nominal value of the fund.
 - a. For instance, a \$100 petty cash fund with \$52.47 in receipts must have \$47.53 in cash.
 - b. To ensure the full value of the fund is always accounted for, whenever cash is advanced to make a purchase, leave a Petty Cash Receipt, [Form 200], of how much cash was advanced and to whom until the purchase is made and a receipt obtained.
 - c. When an individual is reimbursed from Petty Cash, he or she should sign the receipt indicating that the cash reimbursement was received.

Subject: Pricing of Products and Services

A-1507

A. Policy. It is the policy of the Club that:

1. Pricing for products and services are set according to established pricing formulas at the discretion of the General Manager,
2. Prices are reviewed on a continuing basis to ensure the maintenance of operating margins, and
3. Pricing for major items such as dues, golf fees, cart fees, guest fees, golf outings, etc., are reviewed during the annual budgeting cycle with any increases taking effect at the beginning of each year.

B. Discussion

1. One of the major contributors to an operation's financial success is appropriate pricing for products and services.
2. Pricing formulas:
 - a. Retail items should be "keystoned," i.e. they should be marked up 100%. For example, a shirt that costs \$25 should be sold for \$50. Keep in mind that this is a guideline, not a hard and fast rule. Department Heads should also bear in mind what the market will bear, the suggested retail price, and what other similar clubs are charging for an item. Some retail items may sell for more and others less than the 100% markup, which is the target for all items on average.
 - b. Food items should be priced based upon the projected food cost percentage. For instance the markup on a costed menu item for which we want to achieve a 40% food cost is $2\frac{1}{2}$ times ($100\%/40\% = 2\frac{1}{2}$). As with retail items, not all menu items will be priced exactly at the cost multiplier, rather all items on the menu when taken together should achieve the projected food cost percentage. Target food cost percentages for our various food venues is as follows:
 - (1) Dining Room – 38-42%
 - (2) Catered functions – 28-32%
 - (3) Snack bars/beverage cart – 45-50%
 - c. Alcoholic beverages are priced similarly to food items. Target beverage cost percentages for beverages are as follows:
 - (1) Mixed drinks – 22 to 24%
 - (2) Domestic beer – 24 to 27%

- (3) Imported/premium beer – 28 to 30%
- (4) Wines by the glass – 31 to 33%
- (5) Wines by the bottle – 33-38%

SAMPLE

Subject: Payroll Reports

A-2003

- A. Policy. It is the policy of the Club that certain payroll reports be prepared and distributed to Department Heads.
- B. Discussion
1. Controlling payroll cost is a major responsibility for each Department Head.
 2. Timely payroll reports provide Department Heads with the information they need to monitor and control payroll costs.
 3. The Club Controller is responsible for preparing the following two payroll reports:
 - a. Pay Period Summary Report, [Form 229], prepared each pay period and distributed to the General Manager and all Department Heads.
 - b. Master Payroll Summary Analysis, [Form 231], prepared each pay period and provided to the General Manager.
 4. Department Heads are responsible for taking their departmental information from the Pay Period Summary Report, [Form 229] furnished by the Club Controller and completing their Departmental Payroll Summary Analysis, [Form 230].

Subject: Month End Closing Checklist

A-2502

A. Policy. It is the policy of the Club that a checklist be used to ensure that all month end closing duties be completed.

B. Discussion

1. Closing the “books” at the end of the month requires that many different steps be taken to ensure that all necessary accounting functions are finished to properly complete the monthly reporting cycle.
2. While each Club may have some special closing duties, the following checklist covers the usual requirements

C. Closing Checklist

1. Physical inventory counts and totals are due on the 3rd of the month from departments with resale inventories (Golf, Tennis, Food, Beverage, and other Retail Outlets).
2. Departmental inventory transfers are due on the 3rd and are used to adjust inventory values.
3. Coded invoices are due from departments by the 5th.
4. Employee meals must be charged to the employee meal account with a counter-balancing entry against food cost.
5. Calculate the cost of goods sold for each department.
6. Receive, verify, and record the group insurance cost by the 5th.
7. Reconcile the golf gift certificate/credit book and book the value as deferred revenue.
8. Book the following:
 - a. Dues income (prepaid dues less dues billing = dues income).
 - b. Discounts on credit cards.
 - c. Any other bank charges.
 - d. Worker’s compensation cost.
 - e. Property taxes.
 - f. Special events net income from recap of events.
 - g. Depreciation.

9. Accrue the following:
 - a. Payroll.
 - b. Accounts payable.
 - c. Lessons/stringing income.
10. Verify the budgeted amounts for the period on the financial statement schedules.
11. Verify Service Charge as a percentage of sales.
12. Reconcile the following:
 - a. Bank statement.
 - b. Accrued Accounts Payable account.
 - c. Accrued Payroll Expense account.
 - d. Petty Cash funds, replenish as necessary.
 - e. 401K/Insurance Payable account.
 - f. Prepaid Expense account.
 - g. Other Balance Sheet accounts.
13. Compute and file State Sales Tax report by required date for each individual state.
14. Prepare Accounts Receivable Aging Report and Delinquency Letters by the 15th.
15. Prepare Member Suspension Letters as necessary by the 25th.

Subject: Pay Period Summary Reports

A-3004

- A. Policy. It is the policy of the Club that the Accounting Department prepare and distribute a Pay Period Summary Report that shows payroll hours by category by department and the Club as a whole for each pay period.
- B. Discussion
1. Given that payroll cost is the most significant expense in operations, it is essential that all Department Heads pay close attention to their payroll costs.
 2. Since payroll costs are directly related to payroll hours, a careful review of payroll hours each pay period is critical to the Club's financial performance.
 3. Each pay period the Accounting Department will print out and distribute a Pay Period Summary Report, [Form 229], of hours worked by department. It is best to segregate this information by department, so that each Department Head only receives the information for his or her department. Hours will be summarized in the following categories:
 - a. Regular hours.
 - b. Overtime hours.
 - c. Vacation hours.
 - d. Sick/emergency hours.
 - e. Holiday hours.
 - f. Other hours.
 - g. Total hours.
 4. Department Heads will review the Pay Period Summary Report and enter their department's payroll data in a [Departmental Payroll Summary Analysis], [Form 230].
 5. Department Heads of profit centers can also compare payroll hours per pay period to revenues for the pay period to determine a productivity statistic of sales per hour. This can be done for the department as a whole or for a particular profit center. For example, one can compare bar sales for a particular beverage outlet with bartender and cocktail wait hours. When such a comparison is made every pay period, a Department Head has a meaningful way of measuring departmental productivity.
 6. Obviously, such productivity benchmarks are only meaningful if a Department Head can isolate payroll hours by outlet. This requires ensuring that employees punch in and out using the correct [Departmental Labor Codes].

Subject: Annual Club Goals

A-3501

- A. Policy. It is the policy of the Club that Annual Club Goals be prepared for the Club for each fiscal year.
- B. Discussion
1. The General Manager will establish written goals for the Club for each year.
 2. The Annual Club Goals are an essential part of creating a vision and action plan to accomplish major goals.
 3. Department Heads should be given a copy of the Annual Club Goals for the coming year prior to starting the [Annual Budgets], as the requirements of the annual goals may have impact upon their departmental plans and budgets.
 4. Goals can include:
 - a. Ongoing efforts toward major projects, such as continuing to improve and refine training programs.
 - b. Discrete projects to be completed during the year, for instance establishing an asset management database with photographs.
 - c. Specific performance results, such as achieving departmental break even in the food and beverage department or exceeding \$1 million in golf revenue.
 - d. Any other projects deemed necessary or beneficial by the General Manager.
 5. The General Manager may, at his discretion, require Department Heads to provide written annual goals for their respective departments. These departmental goals are useful in establishing annual work plans and evaluating Department Heads' performance during the annual performance review process.
- C. Deadline. Annual Club Goals must be completed prior to the start of the Club's [Annual Budgets] process.
- D. Submissions. Annual Club Goals must be forwarded to the Club Controller by October 31st of each year.

Subject: Budget Development Timeline

A-3503

- A. Policy. It is the policy of the Club that Annual Operating and Capital Budgets be prepared according to an established timeline for each fiscal year.
- B. Definitions
1. Departmental Operating Budgets – the departmental profit and loss schedules for each department. May be initial or final.
 2. Departmental Capital Budgets – the departmental plan for purchasing capital assets.
 3. Club Operating Budget – the consolidated budget made up of all departmental operating budgets. May be initial or final.
 4. Club Capital Budget – the consolidated budget made up of all departmental capital budgets.
- C. Discussion
1. Timely development and submission of the Annual Budget allows for proper planning and ongoing monitoring of financial performance.
 2. The Operating Budget will be developed according to a timetable determined by the General Manager in conjunction with the Club Controller and the needs of the Board. The following is a proposed approximate timeline:
 - a. August 31st – [Annual Club Goals] for the next fiscal year established by the General Manager.
 - b. September 1st – Initial Budget meeting and guidance to Department Heads by the Club Controller.
 - c. September 18th – Submission of initial Departmental Operating and Capital Budgets by Department Heads to the Club Controller.
 - d. September 21st – Consolidation of initial Departmental Operating Budgets into initial Facility Operating Budgets by the Club Controller.
 - e. September 21st – Submission of initial Club Operating Budget and Departmental Capital Budgets to the General Manager by the Club Controller.
 - f. September 31st – Review of initial Club Operating Budget by the General Manager and return to the Club Controller.
 - g. October 10th – Revision of initial Departmental Operating Budgets as necessary by Department Heads.

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- h. October 10th – Submission of final Departmental Operating Budgets by Department Heads to Club Controller.
 - i. October 20th – Consolidation of final Department Operating Budgets into final Club Operating Budget by Club Controller.
 - j. October 20th – Submission of final Club Operating Budget to the General Manager by the Club Controller.
 - k. October 25th – Review of final Club Operating Budget by the General Manager.
 - l. October 25th – Review of Departmental Capital Budgets by the General Manager.
 - m. October 31st – Consolidation of Departmental Capital Budgets into final Club Capital Budget by the Club Controller.
 - n. November 1st – Submission of final Club Operating and Capital Budgets to the Club Board.

C. Responsibilities

1. The Club Controller has overall responsibility for the Budgeting process, including holding the Initial Budget Meeting, coordinating the completion and submission of all departmental budgets, and consolidating and submitting the facility budgets.
2. Individual Department Heads are responsible for developing the Operating and Capital Budgets for their departments and submitting them to the Club Controller in a timely fashion.
3. The General Manager has the responsibility of establishing the Annual Club Goals and reviewing the initial and final Club Operating Budget and Capital Budget.

Subject: Purchase Authority & Limits

A-4001

A. Policy. It is the policy of the Club to establish purchase authority and limits for Club purchases.

B. Discussion

1. Material capital expenditures, i.e., those \$1,000 and over, are approved in the [Capital Budget].
 - a. Generally, a capital item implies a useful life of several years, excludes maintenance and repair items, and costs \$1,000 or more. Replacement of worn out equipment meeting these criteria qualifies as a capital item.
 - b. The capital budget is approved annually during the budget process and departures from this budget must be approved by the Club Board.
2. Resale merchandise purchases are authorized by means of the [Annual Retail Buying Plan].
3. Recurring purchases of food, beverages, operating supplies, etc., are not subject to these purchase limits.
4. All non-recurring purchases are subject to the following provisions:
 - a. Purchases will be made from the [Approved Vendor List]. New vendors may be selected as approved by the General Manager.
 - b. Department Heads may authorize purchases of less than \$500 as their departmental budget permits.
 - c. Purchases of \$500 or more must be submitted and approved in advance by the General Manager by use of [Purchase Orders], [Form 228], available from the Accounting Office.
 - d. Department Heads will not break up a large purchase into multiple smaller purchases of less than \$500 for the express purpose of avoiding the requirement to submit a purchase order for approval.

Subject: Storerooms and Par Stocks

A-4009

A. Policy. It is the policy of the Club that all storerooms used for storage of resale and consumable inventories be properly secured and organized and that par stocks be used to provide ready access to reasonable levels of inventory for daily operating needs.

B. Discussion

1. Storerooms

- a. Proper storage of inventories reduces damage and spoilage of stock.
- b. Proper organization (appropriately labeled shelving and items stocked on shelves in the same order as listed on inventory sheets) will reduce the amount of time needed to conduct month-end inventories. Cases of product should not be opened until previously broken down cases are fully consumed.
- c. To reduce spoilage stock should be rotated so that older stock is used first.
- d. Inventories represent assets of the Club and must be safeguarded.
 - (1) Access must be limited to as few employees as possible.
 - (2) Doors to storerooms must be closed and locked at all times.
 - (3) Keys to storerooms must be assigned to specific individuals by means of a key register and a key control plan must be in place to ensure proper issuance and recovery of keys. Lost keys must be reported to the General Manager immediately.

2. Par Stocks

- a. Consumable items of inventory must be available to line employees, but only in sufficient quantity to meet daily needs.
- b. These stocks should be established at “par” levels and replenished daily by supervisors by means of inventory and issue forms. Such par stocks might include restaurant paper supplies, alcoholic beverages, sodas, snack mix for the bar, and other items consumed during normal operations.
- c. Par stocks should be kept in secured lockable closets, drawers, cabinets, and other easily accessible locations for use by line staff.

Subject: Gifts from Vendors

A-4010

A. Policy. It is the policy of the Club that employees will not accept personal gifts from vendors other than those considered common business courtesies and for which reasonable reciprocity could occur in the normal course of business.

B. Discussion

1. If for any reason, gift items or courtesies are received that are valued at \$50 or more, they should be reported on a gift list to the General Manager.
 - a. Gift lists will be filed for review in the Accounting during the normal course of audits.
 - b. Meals and other common services that are usual business courtesies are not subject to the \$50 limit.
2. If there is any uncertainty about receiving a gift or service, the individual should consult his or her immediate supervisor or the Accounting Office before accepting the gift.
3. With prior management approval, it is acceptable to participate in customer appreciation events at the expense of a vendor or customer when the event is considered a general customer event. However, these events must be reported if participation in the event exceeds \$50 value.
4. Employees may not participate in [Purchase Rebate Programs] unless the rebate comes to the Club, not the individual.

Subject: Monthly Resale Inventories – Food, Beverage, & Retail

A-4501

A. Policy. It is the policy of the Club that all resale stocks be inventoried on a monthly basis.

B. Discussion

1. Routine inventories are used as a control mechanism to verify the amount of stock on hand, to determine the cost of goods sold, and to ensure that the operation does not run out of any item of stock unexpectedly.
2. Department Heads for Food, Beverage, and any retail operations, such as golf shop, tennis shop, or general stores, will ensure that inventories are properly conducted.
3. A limited number of well-organized storerooms will make monthly inventories easier and less time consuming to conduct. Responsible Department Heads may also want to let stock levels decline in the period leading up to inventories to make the count less burdensome.

C. Procedures

1. Inventory Timing. Responsible Department Heads will conduct their monthly inventories on the last day of each month, or if that day falls on a day the facility is closed or extremely busy, the Department Head with the concurrence of the Club Controller may conduct the inventory on the previous or next day. Regardless of the date selected, the exact date of the inventory must be entered on the top of any inventory count sheets. If the day of the inventory is materially different from the end of the period, then sales and inventory must be aligned as closely as possible to give the most accurate cost of goods sold. Again, consult with the Club Controller in this case.
2. Inventory Count
 - a. Responsible Department Heads will organize their work and storage areas to ensure that they are set up to allow as quick and efficient an inventory as possible.
 - b. Techniques to do this include:
 - (1) Noting counts on “unbroken” boxes, i.e., those boxes that have not yet been opened.
 - (2) Removing items from “broken” boxes to ensure that the box is not mistaken as being “unbroken.”
 - (3) Establishing specified locations for the storage of each stock item.
 - (4) Ensuring that the order that items appear on inventory count sheets is the same order that stock is stored on shelving (suggested for food & beverage, but not retail inventories). This is not always possible, but can aid greatly in efficient inventories.
 - (5) Separate inventory locations should be inventoried separately and then combined on a spreadsheet or consolidated inventory report.

- (6) Create and follow a map for counting inventory locations so that you do not inadvertently skip a section.
3. Inventory Count Sheets. For retail inventories, the Club Controller can print a point of sale inventory list that can be used as count sheets. Food and beverage Department Heads may want to design a spreadsheet with each item of stock listed to serve as count sheets. In order to ensure accountability of the inventory counts, the count sheets should not have expected counts for each item already listed.
4. Inventory Accountability. To ensure an accurate inventory count, it is helpful to have one individual assigned the responsibility of making the count. This way, the facility achieves accountability for the results.
5. Due Dates. Responsible Departments Heads must submit resale inventories to the Accounting Office no later than the 5th of each month.

D. Responsibilities

1. Department Heads are responsible for:
 - a. The proper and accurate conduct of inventories and the timely submission of inventories to the Club Controller.
 - b. Training staff to conduct the inventory properly. Department Heads may delegate the task of conducting actual inventory counts, but should avoid always selecting the same individual to conduct inventories, must periodically spot check the results of subordinate's inventory counts, and must personally be involved in the inventory on at least a quarterly basis. See [Internal Controls - Inventories] for more information.
 - c. Reviewing the inventory before submitting to the Accounting Office, as is evidenced by a signature on the count sheet(s).
2. The Accounting Office is responsible for reviewing inventories, making any adjustments as necessary, and computing the cost of goods sold.
3. Periodically, the Club Controller or an Accounting Office representative will participate in the inventory count to double check procedures and verify accuracy.

Subject: Benchmarking

A-5501

- A. Policy. It is the policy of the Club that Department Heads benchmark their operating areas.
- B. Definition. Benchmarking is the act of measuring operational performance. The idea is to establish the measurements that reflect the norm of business performance. Measures of historical performance become the standard by which current and future operations may be evaluated.
- C. Reasons to Benchmark
1. To establish the baseline or “benchmark” of existing operational performance.
 2. The benchmark performance can be considered the operating standard and all future performance can be compared to it.
 3. After tracking operating statistics for a sufficient period of time to ensure a statistically sound sample, benchmarks can be used to establish performance goals for future operating periods.
 4. It is useful to compare an operation’s performance measures for a given period to other past periods, to other similar operations, or to the industry as a whole.
 5. Identifying under-performance or best practices.
 6. Benchmarks from past periods can make budgeting for future periods easier and far more accurate.
 7. Revenue benchmarks from previous periods aid in forecasting business levels in future periods.
 8. Tracking revenues and comparing them to historical benchmarks allows management to measure member response to products/services and new initiatives.
 9. While most managers have a general sense of the many variables influencing their operation, having the hard numbers and statistics supports the validity of decisions, proposed changes in the operation, and requests for additional resources.
 10. Benchmarks can be used to establish performance parameters for bonus and other incentive programs.
 11. The few minutes spent each day in recording and reviewing key operating statistics make a manager intimately familiar with the rhythms and flow of his operation.
 12. A significant reason for benchmarking is that it establishes the condition of the operation upon a new manager’s arrival and gives him a graphic demonstration of the many operational improvements under his leadership.

D. Responsibilities

1. The General Manager is ultimately responsible and accountable for the performance of the operation and, therefore, has the greatest vested interest in knowing how the Club is performing.
2. But just as the responsibility for managing individual departments has been delegated to Department Heads, the responsibility for departmental performance rests squarely with these supervisors. Department Heads have the specialized knowledge, skills, and abilities that permit their departments to operate at high levels of efficiency and member satisfaction. As a result, it is Department Heads who have the basic responsibility to benchmark their individual operations.
2. Ultimately, performance and benchmarking is a shared responsibility, directed and monitored by the General Manager.

Subject: Adjustments

A-6001

- A. Policy. It is the policy of the Club that employees will do everything possible to ensure member satisfaction up to and including making full adjustments to members' accounts for unsatisfactory experiences.
- B. Discussion
1. If it comes to the attention of any employee that a member or guest is dissatisfied with any product or service of the Club, that employee must do everything possible to rectify the situation. This includes cheerfully:
 - a. Replacing the unsatisfactory merchandise, meal, beverage, etc.
 - b. Not charging for unsatisfactory meals and beverages, if not already charged.
 - c. Adjusting charges from member accounts for meals and beverages, green fees, cart fees, guest fees, etc., if already charged.
 - d. Refunding the full charge or providing a full credit for merchandise returned if:
 - (1) the item is in re-saleable condition, i.e., not damaged or worn.
 - (2) the return is within 60 days of the purchase.
 - e. Making a sincere apology for any inconvenience and dissatisfaction.
 2. While satisfying dissatisfied members and guests is part of the cost of doing business, we want to derive value from that cost. We do this by analyzing the incidents, events, and circumstances leading to the member's dissatisfaction so that we may learn from our mistakes and design or modify systems and procedures to avoid the problem in the future.
- C. Procedures
1. When an employee feels the need to adjust or not apply member charges as described above, he must fill out a Member Adjustment, [Form 215], describing the problem for which the adjustment is being made, factors leading to the problem, and proposed solutions to the problem.
 2. The completed Member Adjustment must be signed by the Department Head or departmental Manager on Duty.
 3. Approved same-day adjustments may be made by the employee using the point of sale system. The approved Adjustment form will be turned in to the Accounting Office with that day's shift reports.
 4. The Accounting Office will make approved, non-same-day Adjustment to the member's

account by reversing the charges and the corresponding revenue for the day.

5. After the Accounting Office has reviewed or processed all adjustments, the Member Adjustment form will be forwarded to the General Manager for review and action.

SAMPLE

Subject: Travel Reimbursement

A-6005

- A. Policy. It is the policy of the Club that employees who travel on Club business be reimbursed for all legitimate expenses to include transportation costs (airfare, train, bus, and cab fare), lodging, meals, tips, entertainment, and incidental expenses related to travel.
- B. Discussion
1. To qualify for travel reimbursement, the employee must be traveling on approved Club business. Such travel is usually budgeted for and approved in advance by the General Manager.
 2. Employees are expected to seek the most economical means of travel by making advance reservations for air travel. Lodging reservations should be made at a quality establishment. Luxury lodging establishments will be avoided. Moderate dining establishments should be chosen rather than fine dining unless entertaining for business purposes.
 3. The Club will not reimburse expenses for consumption of alcoholic beverages or pay-per-view movies. Employees seeking meal reimbursement should separate such expenses from normal meal expenses.
 4. The Club may not reimburse personal entertaining expenses (in room movies, tickets, golf, etc.) while traveling on Club business.
- C. Procedures
1. Employees seeking travel reimbursement must collect receipts for all their expenses and complete a Travel Expense Reimbursement, [Form 139], noting the dates and reason for travel in the "Travel Detail" section of the form.
 2. After completing the form, the employee must have their Department Head approve the reimbursement by signing the form at the bottom.
 3. The approved reimbursement form will be submitted to Accounting for the preparation of a check. Checks are usually prepared once a week. In order to have a check prepared, expense reimbursement forms must be submitted as early in the week as possible.

Subject: Disputed Member Charges

A-6502

- A. Policy. It is the policy of the Club that disputed member charges brought to the attention of the Accounting Office are handled according to the following procedures.
- B. Discussion
1. Periodically members will call the Accounting Office to question or dispute charges appearing on their monthly statement.
 2. It is important that these questions or disputes be handled quickly, efficiently, and courteously.
- C. Procedures
1. “Not my charge”
 - a. Many questions or disputes regarding member charges will center around the claim that the charge does not belong to that specific member.
 - b. The Accounting Office should locate the charge slip.
 - (1) If the charge slip clearly supports the charge with the name and signature of the member or immediate family, the Accounting Office should inform the member. If the member is still not satisfied, we should offer to fax or mail a copy of the charge slip to the member for verification. Club rules clearly state that members are responsible for all the charges of their immediate family and guests.
 - (2) Should we not have the charge slip or the name and signature is illegible, the Accounting Office will confer with the Department Head, make the adjustment to the member account, and offer an apology for our error.
 2. “Product or service unsatisfactory”
 - a. Should the member claim that the product or service was unsatisfactory:
 - (1) For all items other than retail items, cheerfully make the adjustment, but gather as many details as possible about the member’s unsatisfactory experience and apologize on behalf of the Club.
 - (2) For retail items, ask that the member return the item to the retail outlet from which it was purchased.
 3. Because adjustments for disputed charges and unsatisfactory service can be costly to the Club, it is imperative that we learn from our mistakes, spot operational deficiencies, and/or identify members who repeatedly seek adjustments.
 - a. Accounting staff that make adjustments must fill out a Member Adjustment, [Form 215],

for each adjustment made. Provide as much information as possible to help management identify operational problems.

- b. All completed Member Adjustments will be forwarded to the General Manager for review.
- c. The Club Controller will maintain summary records on a monthly basis of all adjustments made to member accounts and prepare a monthly report for review by all Department Heads. Such a review will help identify problems so that they can be corrected. By tracking month to month statistics of adjustments, the Club Controller can verify progress toward eliminating costly errors by staff. See [Benchmarks – Accounting] for more information.

SAMPLE

Subject: Requirement to Ring-up Sales

A-7004

A. Policy. It is the policy of the Club that all items sold or given to members, guests, or staff, be properly documented by being rung up on the point-of-sale (POS) system.

B. Discussion

1. Food and beverage inventories represent money to the Club. They will not be issued to servers by the preparation and production staff without being rung up on the point-of-sale (POS) system.
2. This requirement includes any items that are “comped” for any reason, such as an adjustment for poor service or items provided as promotions.
3. Employees who violate this policy are subject to appropriate disciplinary action.

Subject: Menu Pricing – Pre-Costing

A-7008

- A. Policy. It is the policy of the Club that all menu items be pre-costed to determine their theoretical selling price based upon ingredient costs and standard mark-up.
- B. Discussion
1. Profitability in a food service operation is directly related to pricing.
 2. [Standardized Recipes] are used to specify ingredients and [Portion Control] for all a la carte and catered menu items.
 3. Pricing for each menu item is based upon the ingredient costs in standardized recipes and the appropriate mark-up to ensure that all ingredient, labor, and overhead costs are covered.
 4. Each menu item will be pre-costed using Pre-Cost Menu Pricing, [Form 222], or other manual or computerized system accomplishing the same purpose.
 5. Once menu items are pre-costed, the Chef will use the guidance in [Pricing of Club Products and Services] to mark-up each item and find the theoretical selling price.
 6. The actual selling price will be based upon:
 - a. the theoretical selling price,
 - b. the Chef's best assumption of what the market will bear,
 - c. the expected popularity of the menu item (higher volume items with low margins do not help the bottom line as much as high volume items with high margins), and
 - d. adding in a cushion for any rising ingredient costs over the life of the menu, and
 - e. rounding prices up to the nearest quarter (25¢, 50¢, 75¢, or 00¢). Avoid pricing items at \$X.95 or \$X.99 as this marketing technique is out of place in a private club.
 7. It is the responsibility of the Chef to ensure that all menu items are pre-costed.

Subject: Golf Tee Sheet Reconciliation

A-8001

A. Policy. It is the policy of the Club that a daily reconciliation of golf revenues by category be made by comparing the completed tee sheet to daily revenues.

B. Discussion

1. The tee sheet maintained by golf shop staff is the key control document for golf revenues and must be maintained accurately and legibly by the golf shop staff.
2. A daily tee sheet reconciliation is made by the Accounting Office to verify and prove all golf revenues.

C. Procedures

1. Tee Times

- a. Member tee times are accepted in accordance with the provisions set forth in their membership class and spelled out in [Advance Tee Times].
- b. Reciprocal tee times are accepted in accordance with individual [Reciprocal Agreements].

2. Member Account Number. In all cases, the member or reciprocal member's account number must be noted on the tee sheet. This number must be taken when the tee time is made.

3. Guests. Guest names for all players in a group must also be noted on the tee sheet. This information must be obtained prior to the group's teeing off.

4. Proper Documentation. The golf shop staff must obtain the following documentation from all members and reciprocal members:

- a. Member name.
- b. Member account number.
- c. Membership class or reciprocal.
- d. Guest name(s).

5. Golf Shop Notations. The golf shop staff must note any of the following on the tee sheet for each group:

- a. Walkers.
- b. 9 or 18 holes.
- c. No shows

d. Categories of play:

- (1) Men Golf Member.
- (2) Women Golf Member.
- (3) Accompanied Guest.
- (6) Unaccompanied Guest.
- (7) Junior.
- (8) Reciprocal.
- (9) Outings (Monday or mini, based upon outing fee).
- (10) PGA/Employee/Other (note which).

6. End-of-Day Process

- a. Rounds will be totaled by the categories of play and entered on the Daily Report of Golf Rounds, [Form 220].
- b. The completed Daily Report of Golf Rounds will be submitted to the Accounting Department with the daily reports package.

D. Responsibilities

1. It is the responsibility of the Head Golf Professional to ensure:
 - a. that all information is captured and accurately recorded on the tee sheet and the Daily Report of Golf Rounds,
 - b. that the revenue computed from the tee sheet be reconciled to the daily sales report, and
 - c. that any variances in closing revenues are reconciled as part of closing the day's business.
2. It is the responsibility of the Club Controller to ensure that the Accounting Office compares the results to the end-of-day sales reports generated by the POS system. Variances will be investigated and resolved.

Subject: Merchandise Discounts

A-8507

- A. Policy. It is the policy of the Club that slow-moving retail merchandise be discounted according to established procedures.
- B. Discussion
1. Inevitably some merchandise will not move quickly and will sit on shelves or racks for some time.
 2. Merchandisers should attempt to make such slow-moving merchandise more attractive to members by reducing the price through a series of standard discounts.
 3. All discounts on merchandise must be approved in advance by the Head Professional and/or the Merchandise Manager.
- C. Procedures
1. Slow-moving items will be discounted according to the following guidelines.
 - a. After 30 days – up to a 15% discount
 - b. After 60 days – up to a 25% discount
 - c. After 90 days – up to a 50% discount
 - d. Special end of season sales – up to 75% discount
 2. If, after the above discounts have been offered, an item has still not sold, it is considered [Dead Stock].

Subject: Internal Control Overview

A-9001

- A. Policy. It is the policy of the Club to establish and maintain a sound system of internal controls, designed to safeguard a club's assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.
- B. Definition. Internal Controls are defined as the systems and procedures established and maintained to safeguard a club's assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.
- C. Discussion
1. Internal control, while often considered an accounting function, is actually a function of management.
 - a. The ultimate responsibility for good internal controls rests squarely with management.
 - b. Internal controls should not be considered as a separate, specialized system within the Club. Rather, it should be recognized as an integral part of each department and the Club. In this sense, internal controls are management controls.
 2. Internal controls also facilitate the achievement of management objectives by serving as checks and balances against undesired actions.
 3. The club business has some general operating characteristics that make it vulnerable to theft:
 - a. Small business.
 - b. A high volume of small transactions.
 - c. Numerous line jobs that are relatively low-paying and utilize relatively inexperienced staff.
 - d. Positions with low social status.
 - e. Items having relatively high value (e.g. liquor and retail inventories).
 - f. Use of commodities (e.g. food and beverage products).
 4. Three factors are necessary for fraud or pilferage to take place:
 - a. Need and/or desire on the part of the employee.
 - b. Opportunity created by lax oversight or controls.
 - c. Failure of conscience on the part of the employee. This failure can be encouraged by management when it sets a poor example regarding perquisites and privileges thereby creating ill will and a sense of discrimination. It's easy for the employee to rationalize theft

if he or she feels that management takes undue advantage of its position to utilize facilities and services or take products or use consumables.

D. Internal Control Standards. The following standards are inherent in effective internal controls:

1. Documentation. Internal control systems and all transactions and other significant events must be clearly documented and the documentation must be readily available to examination (audit).
2. Recording of Transactions and Events. Transactions and other significant events are to be promptly recorded and properly classified.
3. Execution of Transactions and Events. Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.
4. Separation of Duties. Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among different individuals.
5. Supervision. Qualified and continuous supervision must be provided to ensure that internal control objectives are achieved.
6. Access to and Accountability for Resources. Access to resources and records is to be limited to authorized individuals and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability and value of the asset.

D. Facility Internal Control Plan

1. The Club has established well-defined Internal Control policies and an [Internal Control Audit Checklist] that prescribes policies and procedures to ensure accuracy and control in the following areas:
 - a. Income control.
 - b. Credit Policies & Accounts Receivable.
 - c. Cash receipts.
 - d. Payroll.
 - e. Food & Beverage control.
 - f. Catering and Meeting control.
 - g. Purchasing and Receiving control.
 - h. Asset Management
 - i. Inventory Control.

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- j. Cost Management.
2. The following general principles of internal control will be adhered to:
 - a. Establish and maintain division of duties.
 - b. Fix responsibility with one individual.
 - c. Limit number of staff with access to assets.
 - d. Keep cash banks and inventories to a minimum and in a secured environment.
 - e. Make internal control preventive, not detective.
 - f. Perform surprise counts by independent staff.
 - g. Bond staff with access to cash, records, or stores.
 - h. Require vacations and rotate staff.
 - i. Schedule periodic external audits
 - j. Use cost-benefit analysis to ensure cost of controls is less than potential benefit. While measuring costs is relatively easy, it is more difficult to measure potential loss or inconvenience to staff and members without the control. However, management must make the effort and use judgment in determining the level of controls to implement.
 3. Various Club internal control policies provide a responsibility chart. While these responsibilities are recommended under the assumed constraints of most club operations, each General Manager will need to assess his or her own risks and assign responsibilities based upon cost-benefit considerations.
 4. All department heads and staff with specific asset control responsibilities will be thoroughly trained in the proper policies and procedures to ensure proper internal controls. Periodic surprise audits by management will be conducted in various areas to ensure adherence to internal control policies and procedures.

Subject: Accounting Forms

A-9003

E. Policy. It is the policy of the Club that certain accounting forms be tightly controlled.

F. Discussion

5. Certain accounting documents or forms must be tightly controlled to ensure the integrity of the audit trail.
6. Controls are established by:
 - c. Numbering forms sequentially. This is usually done in the printing process by pre-numbering the forms serially or the numbers are assigned sequentially by the point-of-sale (POS) system when the transaction occurs.
 - d. Printing forms in multiple parts or copies, usually in a non-carbon-required (NCR) format. The number of parts is dependent upon the distribution of the form.
 - e. Pre-numbered forms must be closely controlled by the Accounting Office; that is they must be issued by serial number with the receiving party signing for all forms received using the Controlled Forms Sign-Out, [Form 235].
 - f. When using departments return used accounting forms to the Accounting Office they should be in numerical order.
 - g. Pre-numbered forms must be periodically accounted for by serial number by the Accounting Office.
3. Accounting forms remain under the control of the Accounting Office regardless of which department is using them. The Accounting Office designs, orders, assigns numbers, receives, inventories, stores, and issues accounting forms to end users. Forms should be issued to departments in blocks with a permanent record of the numbers issued. “Back” or “hard” copies of forms will be returned to the Accounting Office for audit and filing.
4. The Accounting Office, then, is charged with beginning-to-end responsibility for accounting forms and has recorded the serial numbers at receipt, at inventory, at issue, and at final turn in.

C. List of Pre-Numbered Accounting Forms

1. Petty Cash Receipt, [Form 201]. Recommend printing in three parts (2 copies, 1 hard copy). The original is kept by the Petty Cash holder, one is placed in the petty cash box, and one is kept by the person drawing petty cash.
2. Member Adjustment, [Form 215]. Recommend printing in three parts (2 copies, 1 hard copy). In some cases, a version of this form may be printed by the POS system. The original is kept by the generating department; two copies are submitted to the Accounting Office with the departmental daily report. The Accounting Office will send one of its copies to the GM for

review.

3. Catering Contract, [Form 226]. In some cases, a version of this form may be printed by the POS system. Recommend printing in four parts (3 copies, 1 hard copy). The original is retained by the Catering Manager and one copy is given to the client. Other copies may go to the chef and the food services manager.
4. Purchase Order, [Form 228]. Recommend printing in four parts (3 copies, 1 hard copy). The original is retained by the purchasing department head, one copy each goes to the vendor, to receiving, and to the Accounting Office, respectively.

D. Responsibilities

1. It is the Club Controller's responsibility to download the above forms from the Online Information Database, modify them as necessary for local use, and have them printed with pre-printed sequential numbers and in the appropriate number of parts or copies.
2. It is the Club Controller's responsibility to issue pre-numbered forms to Department Heads using the Controlled Forms Sign-Out, [Form 235]. The Club Controller should issue pre-numbered forms in the smallest quantity consistent with departmental needs and common sense.
3. It is the Club Controller's responsibility to periodically account for pre-numbered forms by serial number.

Subject: Internal Control Problem Areas

A-9016

G. Policy. It is the policy of the Club to pay special attention to potential internal control problem areas.

H. Discussion

7. There are a number of areas of club operations that present special internal control problems.
8. Managers at all levels should pay particular attention to these areas to prevent loss.

C. Internal Control Problem Areas

1. Snack Bars

- a. Snack bars are operations with many small, easily pilfered items and relatively low paid employees who operate with a minimum of supervision. Without proper controls and oversight, a great deal of loss can occur in these operations.
- b. The most effective way to curtail loss is to conduct frequent inventories of food and beverage stocks and to compare product consumed (per inventory) with sales for the same period. If this is done on a regular basis, any pattern of ongoing loss will be quickly spotted. In most cases, the mere fact of frequent inventories and questioning staff about shortages will have a diminishing effect on such loss.
- c. This coupled with a policy of termination for theft and following through on this policy when theft occurs will send a clear message to staff that pilferage will not be tolerated.

2. Beverage Cart

9. The beverage cart has the same potential for loss as snack bar operations.
10. It is essential that all beverage cart sales be recorded on member charge slip signed by the member. These charge slips must then be rung into a point-of-sale terminal at the end of each shift. The original member-signed charge slips must be attached to the printed POS charge slip. All charge slips must then be turned in to the Accounting Office with the departmental daily report.
11. One way to control stock on the beverage cart is to require all items carried on the cart to be requisitioned from the Turn House attendant. The cart attendant is required to track all sales on a tick sheet pre-printed with all product normally carried. At the end of the shift/day the extended sales sheet is compared to the extended sheet of product consumed (issues less returns). If signatures from both cart attendant and Turn House attendant are required on inventory sheets, a measure of accountability is assured.
12. Finally, a manager must compare the sales sheets to the inventory consumed sheets on a regular basis and question all shortages.

13. Bar Operations

14. Beverage operations are notorious for loss potential.
15. The three major problems are routine over-pouring, pilferage by employees, and pouring excessive amounts of alcohol in anticipation of a cash tip (despite the policy against tipping in most clubs).
16. The only real defense against both of these potential problems is frequent inventories. The Club requires daily inventories by bar staff. These inventories must be checked closely by management. Periodic inventories my management must verify the accuracy of these daily inventories. All discrepancies must be investigated.
17. In most cases, a vigilant management that questions all discrepancies will go a long way toward reducing loss from bar operations.

4. Golf Course Maintenance Purchasing & Receiving

- a. In most clubs, golf course maintenance is far removed from the clubhouse and normal receiving areas. The lack of management oversight that this distance creates makes the purchasing and receiving of large and expensive stocks of fertilizers, chemicals, and other supplies problematic in that the same person who does the purchasing is also doing the receiving.
- b. The best course to encourage sound internal controls is to require the use of purchase orders or annual purchasing contracts for the great majority of golf course maintenance supplies and materials. In this way, the General Manager will review and sign all POs and Purchasing Contracts. The same principle applies on management checking prices as with food purchases.

5. Golf Course Maintenance Payroll

- a. The same problem with distance can also cause problems in payroll, especially if timekeeping is performed manually. It is a good idea to use the same electronic timekeeping system in golf course maintenance that is used in the rest of the club.
- b. Again, because of the remote location, it is essential to ensure that all employees who are being paid actually exist. This can be done by requiring golf course maintenance personnel to come to the club's administrative offices to pick up and sign for their paychecks.

6. Benchmarking

- a. While benchmarking is not an internal control, *per se*, it can be used to establish the norm of operations and allow management to quickly spot out-of-line numbers which may be indicative of fraud or abuse.
- b. Management can do itself a big favor by ensuring that areas of the operation which present potential internal control problems are thoroughly benchmarked. In many cases, the only indication that something may be wrong in an operation will come from volatile or extraordinary benchmarks.

Subject: Activity/Tennis Event P&L's

A-9501

A. Policy. It is the policy of the Club that Club-sponsored activity and tennis events be budgeted for using event profit and loss statements (P&L's).

B. Discussion

1. On an ongoing basis the Club puts on events for its members and their guests. These events, usually in the golf and activities areas, are put on for the benefit of members and the Club will usually price these events only to cover actual costs.
2. Given that these events are priced at cost instead of the normal markups, it is essential that all revenues and expenses associated with the event be closely budgeted and tracked.
3. It is also important that all revenues and expenses be charged to the proper general ledger accounts and that the Club Controller be made aware of all accounting details prior to the event.
4. Finally, to ensure the Club meets its operating budget, it is important that we compare actual revenues and expenses to the budget for the event. This allows us to learn from our experience and to put on better events in the future.

C. Procedures

1. When the Activities Director or Director of Tennis starts planning an event, he will use the Activity Event Profit and Loss, [Form 218], to specify all revenue sources and expected expenditures associated with the event.
 - a. Food and Beverage cost estimates will be obtained from the Catering Manager based upon planned functions and selected menus.
 - b. The Catering Manager will also provide food and beverage labor cost estimates for the event.
2. Once the budget for the event has been established, the Activity Director or Director of Tennis will distribute copies of the Event P&L to the Club Controller, General Manager, F&B Director, and Catering Manager.
3. Upon completion of the event, the Activity Director or Director of Tennis will complete the actual revenues and expenses column of the form and provide copies to the same individuals outlined in the previous paragraph.
4. Completed Activity Event P&L's will be filed for future reference. Since many events are recurring, the information on the P&L will be invaluable in planning future events.

Your Club Name Here

Capital Asset Purchase Request

Department:	Date:
Requested Item:	<input type="checkbox"/> Replacement Item <input type="checkbox"/> New Opportunity
Describe Use or Purpose of Item:	
Where it will be used:	
Estimated Purchase Cost:	Priority: <input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
Installation Costs? If so, how much?	
List Utility Needs:	
Estimated Annual Utility Costs:	
Does item need staff training to operate? If so, how much?	
Benefit to Club: <input type="checkbox"/> Enhanced Revenue <input type="checkbox"/> Cost Avoidance <input type="checkbox"/> Improved Productivity <input type="checkbox"/> Enhanced Member Svc	
Proposed Purchase Date:	<input type="checkbox"/> 1 st Qtr <input type="checkbox"/> 2 nd Qtr <input type="checkbox"/> 3 rd Qtr <input type="checkbox"/> 4 th Qtr
Explain:	
If item enhances revenue, avoids cost, or improves productivity, what is the payback on the investment?	
Method used for calculation: <input type="checkbox"/> Payback <input type="checkbox"/> Net Present Value <input type="checkbox"/> Internal Rate of Return	
Comments:	
Attach Payback Analysis	
Department Head's Signature: _____	

