by Peter Ricci, CHA

How to handle the ebb and flow of desk clerk finances

Most every lodging facility has clear-cut policies and procedures for desk clerk shortages or overages when balancing their cash drawers. In most properties I've managed, the hotel's policy was a written warning for any deviation within +/- $10.00. A second variance of +/- $10.00 within a 30-day period would result in termination. For discrepancies greater than +/- $10.00, immediate termination was a possibility.

Many general managers question whether these policies are fair, prudent, or equitable. Further, individuals query the unique circumstances that may cause the particular discrepancy under inspection. A personal example may bring this subject matter to light.

An example at hand

At a large, full-service hotel I managed in the southeastern United States, a random audit of bank drawers uncovered a cash shortage of approximately $500.00. In this particular jurisdiction, this amount of dollar theft was considered a felony according to the local laws.

The team member in question was a long-term employee with almost a decade of commendable service to the property. As a shift supervisor, this individual was provided with a larger-than-average cash drawer with a perpetual $1,000.00 starting bank. Since this individual often counted drawers in concert with a property accountant, it was rare for this individual's bank to be counted.

As a new general manager to the property, with a simultaneously-hired new controller, we implemented a fully random cycle to the bank audits. Out on vacation at the time of the bank audit, the employee was shocked to be called into the property. The front office manager felt comfortable enough to phone the employee at home and ask for a brief visit where the incident would be discussed in person. Without hesitation, the clerk broke down in tears, admitted to the theft, and also proffered the information that this discrepancy occurred regularly between paychecks – almost always to the tune of $250.00 - $500.00! Due to personal issues at home, the clerk needed some extra cash and had started by floating the money until it became a habitual practice.

The sheer amount of money in this instance constituted a felony; yet the department head, supervisor, and even the human resources director fought for the employee due to the unblemished record this individual had. In fact, this person had over 26 letters in the personnel file for provision of excellent customer service. During this individual's tenure at the property, the "employee of the year award" had been awarded during three different years.

To say the least, theft from shortages like this one can prove to be a dilemma. In the end, justice was quickly upheld by the general manager and the employee was terminated without prosecution as the money was repaid in full. But, in the much more frequent, but less financially drastic cases of +/- $5.00 discrepancies, what is a general manager to do?

Asset protection

One of the primary duties of a general manager is to protect the assets of a lodging facility. This includes conserving energy, saving money on linen purchases, shaving labor expenses when possible, etc. There is no question that shortages/overages need to be corrected immediately. In many cases, they are simply a mathematical error. Everyone makes mistakes. Clerks who are properly trained and have corrective actions taken often succeed without a subsequent error. If inconsistencies occur regularly however, the front office manager or supervisor needs to take corrective action immediately. In no event should any employee be permitted to remain in a position where theft is a possibility. This goes above and beyond the front desk to include engineering (tool theft, gasoline theft), housekeeping (linen theft, cleaning supplies theft), or food and beverage (alcohol theft, food theft).

Consistent tone, training, and tools

General managers must be consistent in their provision of corrective discipline. When it comes to accountability issues, all employees, regardless of position, tenure, or likeability, must be subjected to the same progressive discipline based upon the severity of the offense. Playing favorites or distributing inequitable punishment sends the wrong message to employees and fosters an environment of enmity and rancor. How cash handling discrepancies are and will be handled sets the tone for other employees to interpret.

Achieving accountability starts with proper training and the right tools. Indeed, correct cash handling policies need to be emphasized and practiced during training. Provide a sufficient amount of training so that employees know the consequences and are skilled to thoroughly and accurately count their drawers. Encourage positive self-discipline by offering a cash reward to an employee who has a “perfect bank” seven times in a row. The number of times in a row or the reward amount can be commensurate to what Human Resources or the GM can afford. The amount is somewhat irrelevant; it is the workplace culture that will reward the employee for ongoing accurate attention to detail.

Additionally, employees need to be provided tools for success. If employees need to use a calculator to tabulate their end-of-shift balances and only one calculator is available for the entire office, at times employees will rush out and say “I’m close enough.” To eliminate reconciliation mistakes, provide a secure and quiet area away from guest areas where employees may balance their drawer and prepare their drop envelopes.

Policies from the field

Peter Morgan Attwood, general manager of the Courtyard by Marriott hotel in Middlebury, Vermont, has his employees thoroughly trained and fully knowledgeable of the property’s cash handling policies and procedures. Each employee counts his or her bank prior to and after their shifts. Additionally, a member of management counts each bank once per day. According to Attwood, this works well and protects the hotel from any possibility of cashier theft. It also allows management to train the front of the house employees and restaurant employees to be aware of how small errors could potentially cost the hotel big dollars in the long run.

Even Attwood realized that his written, cash-handling policy was somewhat ambiguous on one point where it mentioned that employees would receive written warnings if overages or shortages occurred on a “regular” basis. The policy failed to provide an explanation of what “regular” meant. Attwood changed the policy to read that “regular” would be clearly defined to an employee as three or more bank deviations.

In Gainesville, Florida, at the Residence Inn by Marriott, general manager Becky Hunt uses a standard written warning for any second deviation of a clerk’s drawer. Her front desk clerks have drawers with a $300.00 starting balance. Without advance notice, she and one of her managers will randomly count the drawers. Each employee is required to count his or her bank when entering and before exiting his or her shift. Each staff member is permitted one error with a verbal warning before a written warning is provided. Her management company requires her to report any shortage of $50.00 or greater. According to Ms. Hunt she has been quite lucky during her 15-year tenure at the property. By emphasizing the importance of proper cash handling procedures and financial accountability, she has never had to write up an employee for a bank shortage. She and the other managers have set a consistent tone, implemented excellent cash handling training and ensure regular follow-through to avoid these problems.

Hot tip

To hold an employee accountability for their cash drawer balance, it is essential that each employee be given their own locking cash drawer with key. Train employees to resist the temptation to go into another employee’s drawer to make change or conduct a transaction, even if it is to help that employee. Limiting others’ access to an employee’s locked cash drawer forces each front desk clerk to be accountable for any variances without blaming others.

At the Comfort Inn, also in Gainesville, Florida, Melissa Hamilton has a slightly different format. Her property uses one cash bank only – with a $100.00 total. Additionally, there is a $200.00 back-up bank for employees to use for making change when necessary. Each staff member is responsible for counting both the cash drawer as well as the back-up safe upon entering his or her shift. They count the money along with the exiting clerk. All clerks have been trained that if any money is missing during a shift, it must be repaid by the person on duty. Luckily, Ms. Hamilton has also never had a problem. She stated, "I think everyone here is well aware that any discrepancies will come out of their own pocket. I happen to randomly count the $100.00 cash drawer and $200.00 back-up bank at least three times a week during various shifts. With proper training and education, I think the staff really has stepped up to their own personal responsibility."

Conclusion

While there seems to be no set policies or procedures for the amount of overage/shortage acceptable to a general manager, there is agreement in that continual counting and verification methods can save losses to the property in the long haul. All general managers contacted were in agreement that at the first sign of any possible loss, policies and procedures would be re-taught, employees would be re-trained, and property assets would remain protected to the best of the ability of the manager. ✧

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