

BEVERAGE SERVICE STANDARDS

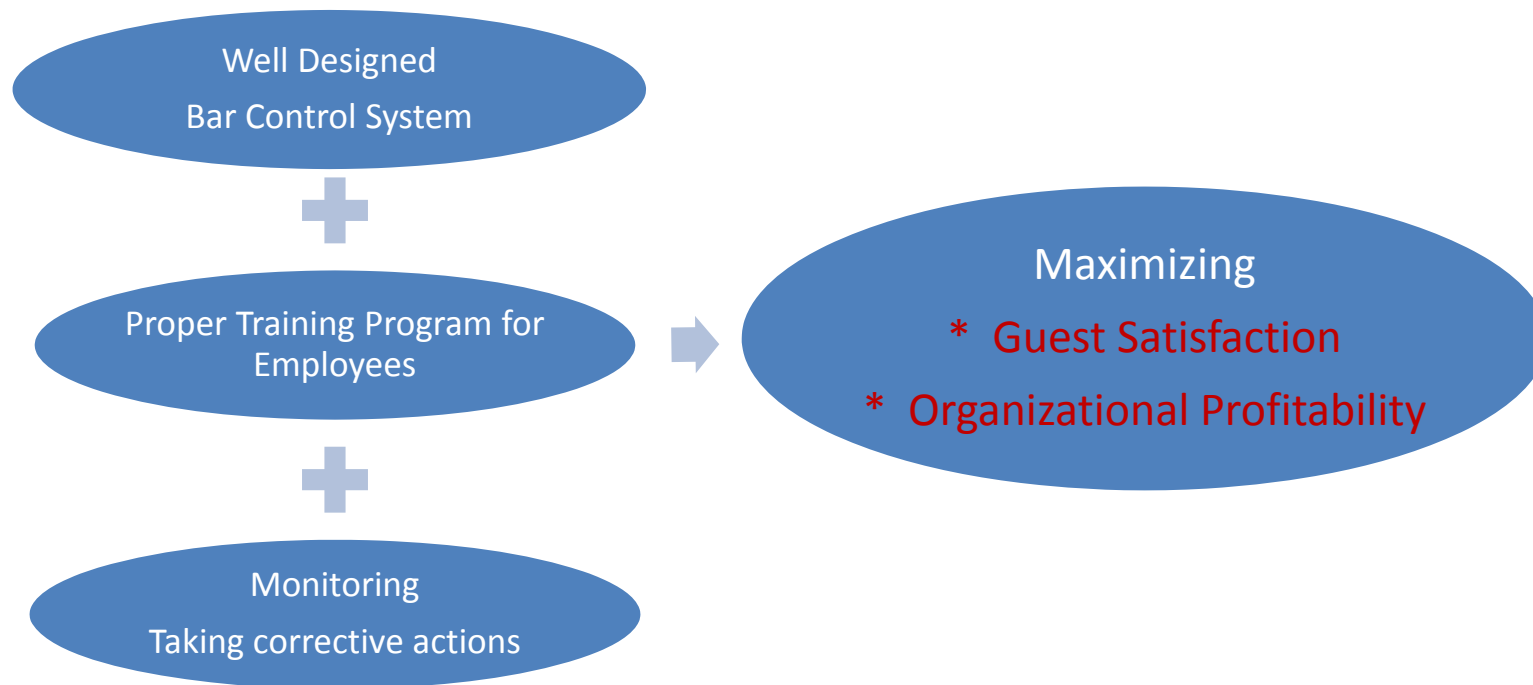
“Army Catering & Club Operations”



BEVERAGE CONTROLS

- Controlling is the management process of comparing actual performance with established standards and, when necessary, taking corrective action to bring performance up to standards.
- Bar control systems involve establishing and maintaining standards for; 1) Cash Controls, 2) Sales accountability and beverage inventories control, and 3) physical security.

It is management's responsibility to establish the systems of control.



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BEVERAGE CONTROLS

- Beverage controls are divided into three categories:
 - a. Cash Controls
 - b. Sales accountability and beverage inventories.
 - c. Physical Security.

- **CASH CONTROLS**

Cash controls ensure that all cash assets are protected from loss through carelessness and dishonesty. The following steps can ensure a smooth auditable flow between change funds, cash receipts and related documents.

- a. At the beginning of the shift the bartender should:
 - 1) Pick up and sign for the change fund. (DA Form 4082 – Daily Cashier's Record prepared in duplicate.)
 - 2) If guest checks, or any other pre-numbered form, are issued to the bartender, these will be signed for on the DA form 4082.
- b. During the work shift the bartender should:
 - 1) Ring in all sales individually at the time of purchase.
 - 2) Collect the cash.
 - 3) Make change.
 - 4) Provide receipts if required.
- c. At the end of the work shift the bartender should:
 - 1) Remove the cash from the register and leave the register drawer open.
 - 2) Count cash in the presence of the manager or cashier, in the cashier's cage or manager's office.
 - 3) Complete the DA Form 4082.
 - 4) Ensure that any errors are properly documented.
- d. At the end of the work shift the manager should:
 - 1) Take a register reading.
 - 2) Batch out credit card machine.
 - 3) Verify cash count.

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BEVERAGE CONTROLS

▪ SALES ACCOUNTABILITY AND BAR INVENTORIES

1. Bar sales accountability controls permit management to monitor each bartender's effectiveness in maintaining established standards.
2. Bar inventory usage figures determine cost of product consumed. The dollar difference between expected sales and actual sales is considered overage or shortage.
 - Beg Inv + Issues In – Transfers Out – End Inv = Actual Product Consumed
 - Actual Product Consumed x Actual Selling Prices = Potential Beverage Sales
 - ❑ *Potential beverage sales are the sales amount, which should have been earned according to the actual consumption during the period in question. In order to calculate the actual consumption, the inventory is taken at the beginning and at the end of the period question.*
 - ❑ *For each beverage item the standard sales value is calculated from the periodic beverage consumption volume and then the total potential beverage sales value should be compared against the actual beverage sales amount. If the difference between the actual sales and the potential sales is large, the reason for the variance should be investigated.*
3. Each bar should be considered as a separate operation with its own sales accountability. No bartender will share an inventory or a cash drawer with another bartender.
4. Maximum allowable variance for alcoholic beverage service is 2%.
5. Bar Sales Accountability Forms can be designed by the local activities. Sample of Bar Sales Accountability Forms are shown at [Annex B](#).

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▪ PHYSICAL SECURITY

1. Bar beverages and supplies should be stored under lock and key. The keys to the bar areas should be controlled through the use of a key control log and accessible only by authorized employees.
2. A perpetual inventory is maintained for sensitive and high dollar value items. This includes all beer, wine and liquor items. **A physical inventory is performed daily.**

Inventory Control

- A physical inventory is performed daily for each bar.
- DA Form 1991 (Stock Record Card) or an approved mechanized system (Food Trak) will be used to maintain perpetual inventory stock records.
- Inventory documents are posted daily to reflect opening inventory, transfers in and out, and ending inventory.
- Quantities sold are reconciled with the cashier's scatter sheet, or summary of sales recorded for that cashier.
- Variations are explained in writing.

❖ The acceptable inventory turnover rate for food and beverage is 1 to 1. This measures the efficiency of inventory control. A ratio of 1 to 1 means that the entire inventory is turned over once within the month. High inventories unnecessarily tie up operating funds, because excessive storage costs make monthly inventories more difficult and may result in stock becoming outdated.

❖ Inventory Turn Over Ratio = $\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$

Average Inventory = $\frac{\text{Beginning Inventory} + \text{Ending Inventory}}{2}$

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BEVERAGE CONTROLS

General Beverage Control Standards

- Products will be secured in a designated area under strict key control.
- Only those person designated by the Management are permitted access to storerooms.
- All beverage department storerooms are to be re-keyed once a year.
- Inventory must be accounted for via a Perpetual Inventory System.
- Have a process in place to permit the banquet department to transfer back excess product to the central storeroom.
- All spirit products issued must include a color-coded numbered/period sticker. Each color must represent a specific location.
- Alternative method of calculating inventories and costing is the 1/10th point system.
- When issuing alcoholic beverages, a complete requisition form will be provided to the person issuing the product. A Potential Revenue Form is used in banquets when issuing product to individual banquet bars. A separate form must be prepared for each bar and bartender.
- A Beverage Requisition Form will be used for each bar, showing the original issue, additional issues and returns and any other information needed to determine the quantity sold of each item.
- The requisition form must be signed by the issuing person and the receiving person. Retain requisitions for a minimum of 2 years.
- A the end of each event, each bartender conducts physical inventory for responsible bar and turn it to Banquet Captain or Banquet Manager. A record of the unit selling price, extension of each item and the total of the requisitions will be transferred to a banquet guest check.
- The Banquet Captain or Banquet Manager will complete the consumption portion of the form and extend the potential sales and cost columns. At this time the product must be secured in the appropriate storeroom area.
- For all events, any pertinent information such as "larger attendance than expected". Etc., will be noted on the requisition that is returned to the banquet office and noted on the captain's report.
- Beverage requisitions are attached to the copy of the BEO and kept on file.

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Banquet Beverage Control

BANQUET BAR ISSUE and RECONCILIATION

The most common reason for out of balances in the storeroom is due to products being issued to banquets, during a function and not being recorded on a requisition. Care must be taken to ensure that any product that is removed be documented.

- The correct method of calculating and posting banquet beverage revenue is to base the figure using a potential revenue calculation.
 - The potential banquet beverage revenue is the revenue which should be posted for all banquet beverage events, regardless if it is a cash bar, hosted bar, or package bar.
 - To calculate potential revenue for cash or hosted bars, the potential revenue form should be used. The same form serves as the banquet bar requisition and is also used to determine cost of sales percentage for all bars. Care must be taken to ensure that each club uses updated cost and potential figures.
 - **The Beverage Inventory Form at Appendix B shows how to calculate "Potential Revenue".**
1. Requisition and return procedures:
 - a. Prior to the function, the requisition portion of the form will be filled out by the banquet captain and pulled as directed for each bar. The banquet captain will issue the product to the bartender based on the Banquet Event Order (BEO) and retain the forms in the beverage room.

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b. The requisition should be included following information:

- ✓ Name and date of function
- ✓ Service station (if more than one temporary dispensing bar is setup)
- ✓ Event order number
- ✓ Reference and description of items issued to each station
- ✓ Unit of measure of items served
- ✓ Quantity issued to each bar and any subsequent issue after the initial setup.
- ✓ Quantity returned by each station at the end of the event.
- ✓ Net quantity consumed by the event (issue – return) (a)
- ✓ Unit selling price of each times (b)
- ✓ Actual sales (a x b)
- ✓ Unit cost to be filled by the Cost Controller ©
- ✓ Total Cost (a x c)
- ✓ Unit potential sales : the potential revenue of the item if sold at the full selling price (d)
- ✓ Total potential sales (a x d)

c. At the end of the function, all unused products are returned to the storeroom, being careful to keep multiple bars separate. The banquet captain complete the consumption portion of the form and extend the potential sales and cost columns. The bartender must sign the issuing and returning of the beverages. The Banquet Captain will prepare the beverage sales records and an invoice accordingly to the Catering Manager.

d. Physical inventory is secured.

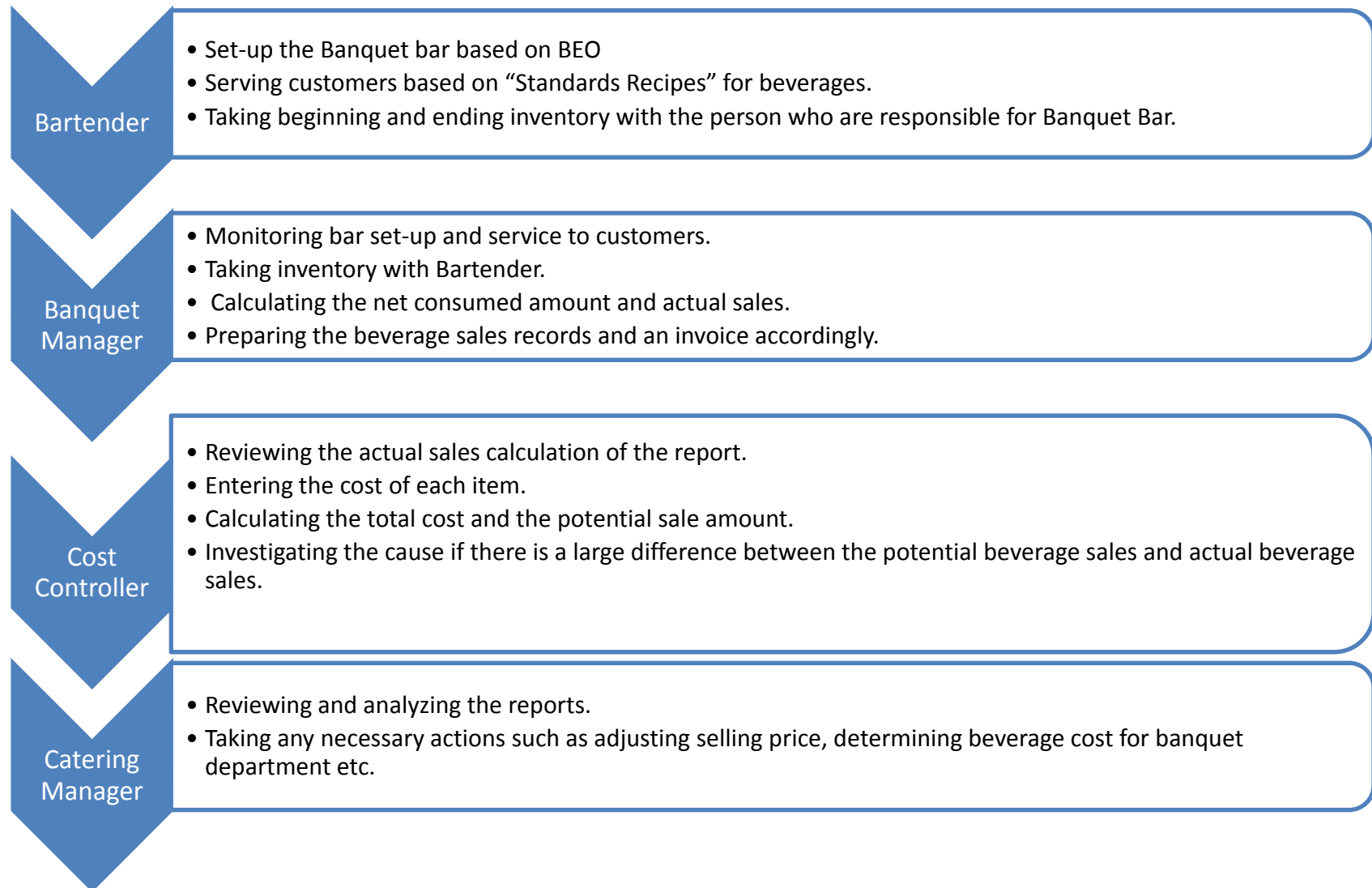
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2. The Cost Controller (F&B Controller) will review the actual sales calculation of the report sent from the banquet bar, enter the cost of each item and calculate total cost as well as the potential sale amount. The difference between the calculated potential sales amount and the actual sales is used to adjust the banquet bar's potential sales amount. The cost is compared against the banquet potential cost.
3. For open bars (flat rate banquet), it is used as reference information when establishing the future selling price.
4. If there is a large difference between the potential beverage sales and actual beverage sales, the cause for the difference should be investigated.
5. The banquet manager should track the potential beverage information on a period basis, using the attached summary sheet as a goal, the actual revenue and potential revenue should be identical. Actual cost and potential cost as a percent should be within ½ % variance.
6. Banquets are affected by the type of events such as wedding receptions and cocktail parties. Accordingly, monthly banquet target beverage cost should be determined by referring to the previous year's actual beverage cost result and the tendency indicated by the menu sales analysis.

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▪ **Reconciliation and Billing Procedures**

- ❖ A banquet check is created and compared to the potential revenue to show any overages or shortages. The check is included with the catering summary. If the event is a cash bar, the completed potential revenue form is attached to the banquet check and forwarded to accounting, along with ticket reconciliation or the bar register detail tape.
- ❖ Read the amount of unused spirits by tenths to obtain the value of the opened bottles. Count Beer by the bottle.

For All Types of Bars

- ❖ Regardless of the type of cashing, the following procedures will be followed by management for the control of beverage per each event.
- ❖ A member of management will inventory each bar before and after the event with a bartender.
- ❖ Calculate the consumption of liquor at the selling price.
- ❖ Compare the total consumption of liquor at the selling price to the actual cash received or billed amount.
- ❖ See that all empties and partials are returned to the banquet beverage storeroom or designated area. All empties must be defaced immediately.

Cash Bar Control

To ensure accountability for cash receipts are only two approved methods, "Ticket Sales" or "Register Sales".

For Cash Bars using a cash register – only approved cash bar method

Each guest pays for the drink as it is ordered. This type of bar should operate with the same type of controls as your main bar. Pouring methods and standards will need to be established.

An electronic approved portable cash register is required.

- ❖ A member of the banquet management staff will reset all cash register totals and issue the bartender's bank.
- ❖ Register function and cash drawer keys are to be moved from the register when being used by the bartender.
- ❖ All cash transactions are immediate and the running of cash tabs is not permitted.
- ❖ The register drawer is kept closed at all times, except for the collection of money or giving change.

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Banquet Beverage Control

For Cash Bars using a cash register – only approved cash bar method - continued –

- ❖ Cash gratuities are kept separate from the cash register receipts. Tip jars or containers are not placed in view of the guest. Making change from the tip container is not permitted.
- ❖ At the conclusion of the event, the bartender will remove all the funds from the register, count out the bank and prepare the deposit from the remaining cash after the bank has been pulled, using the standard deposit envelope.
- ❖ A banquet manager/captain will “z” out the register, removes the detail tape and staple it to the deposit folio. Actual revenues and potential revenues are then logged on the Cash Bar Tracking Form. .

Cash Bars Using Ticket Sales

Ticket controls are needed to ensure proper accountability for cash receipts. It is important that the bartender and cashier complete steps five through seven independently.

1. General Cashier will retain the bulk supply of cash bar tickets. The general cashier will issue a supply of tickets to the Banquet Captain's rolls. Security of the ticket rolls is paramount; they are to be secured in a safety deposit box. It is the responsibility of banquets to notify the general cashier, one day out, for any additional supplies of tickets. As cash bar functions are held, a ticket reconciliation form will be forwarded to accounting with banquet checks.
2. It is recommended that tickets be sold in \$1 increments for soda, beer, wine and spirits. It is recommended that a ratio of one cashier per 75 attendees be maintained. Tickets are to be color coded for the various drink types.
3. The banquet captain and cashier are to verify the first and last ticket on a ticket reconciliation form, by both printing and signing their names.
4. It is the responsibility of the sales manager, who is responsible for the function, to setup a cash bar account for each cash bar. This is to be done one day out from the function.
5. At the conclusion of the function, the cashier takes the cash, fewer banks to front desk, prepares drop, which is verified by the desk clerk, posted, and deposited. Cashier should receive a folio showing cash posted. The bank is returned to and verified by the banquet captain. The banquet captain never performs the cash drop.

* This procedure may varies depend on your current operational situation. If you don't have front desk clerk, you might need to designate a person who are responsible for money drop.

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Cash Bars Using Ticket Sales - continued –

6. The bartender defaces the tickets, as they are received, by a slight tear and retains them in a container behind the bar. The bartender turns the tickets in to the banquet captain at the conclusion of the function. Used tickets are stored in an envelope and kept on file, in case later research is needed. Used tickets are to be kept under lock and key to prevent reuse.
7. A banquet check is compared to the potential revenue form, by the banquet captain. The banquet check is included with the banquet summary. The Completed potential revenue form is attached to the banquet check and forwarded to accounting, along with the ticket reconciliation sheet.

For Host Bars and Packaged Bars

- ❖ The host or hostess pays for all the drinks consumed by the guests at the end of the event.
- ❖ The price, agreed upon ahead of time, may be per bottle, per drink, or per person. When the price is per bottle, a special par stock is set up just for that function and the amount of liquor consumed is computed by subtracting the ending inventory from the par.
- ❖ If payment is to be made by drink count, then the bartender must use some method determined by management to keep track of the drinks poured. This can provide for loose product control if you are not very careful.
- ❖ Calculate the beverage potential and compare it to the billing to the guest.
- ❖ Variances are to be documented and explained

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Perpetual Inventory System

A perpetual inventory is a method by which a specific items, or brand, is accounted for in the beverage storeroom. Each item or brand is assigned its own perpetual card or column on a spreadsheet. The information entered on the stock card or spread sheet will show all transactions that affect the quantity balance or the stock status, (how many items remain on the shelf), the unit value, the unit cost, the vendor, the size of the item and where it was issued to.

1. What are the benefits?

- ✓ A perpetual inventory is on control point. It works with entire requisition system that enables the operator to disperse, cost, track and exercise reasonable control over the beverage inventory.
- ✓ You can determine product movement, price changes; it provides a mix of sales data and is vital in testing the integrity of the security in the beverage room. When this information is further reconciled with cash receipts, it can help determine points of exposure on the operating floor.

2. When is a Perpetual Inventory required?

- ✓ Any time bulk quantities of beverages are stored in an area to be issued for multiple transactions. There areas are the central beverage room, and or banquets, if the banquets department maintains a separate storage area.

3. Who should be responsible of the record keeping?

- ✓ It is recommended that the person maintaining the perpetual inventory books, also be the person responsible for the storeroom. Security of the ledgers is important, as to maintain the integrity of the accounting system.
- ✓ Generally speaking, the bookkeeping should be limited to one person, as would the accessibility to the inventory itself.

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Perpetual Inventory System - continued –

4. What method is best for me and what do I need?

- ✓ Various methods are available to maintain a perpetual inventory, manual or automated. Regardless of the method, manual or automated, the following principles must remain the same.

- **Difference Between Periodic and Perpetual Inventory**

Periodic inventory method calculate ending stock at the end of the accounting period, which could be Month to Date or Year to Date, while Perpetual inventory system calculates the ending stock on a continuous basis after each transaction (Purchase or Sell).

As a best practice, some of the retail companies are using perpetual accounting method to track inventory available in warehouses and distribution centers.

As a member of the _____ Club, always know that

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Your Success is Critical to the delivery of our Promise.

Thank You

