

**Process:** Process: Receivables Accounts Management

**Subprocess:** Credit Management

**Process Owner:** Beatriz Puente

**Proces Leader:** Francisco Morillo

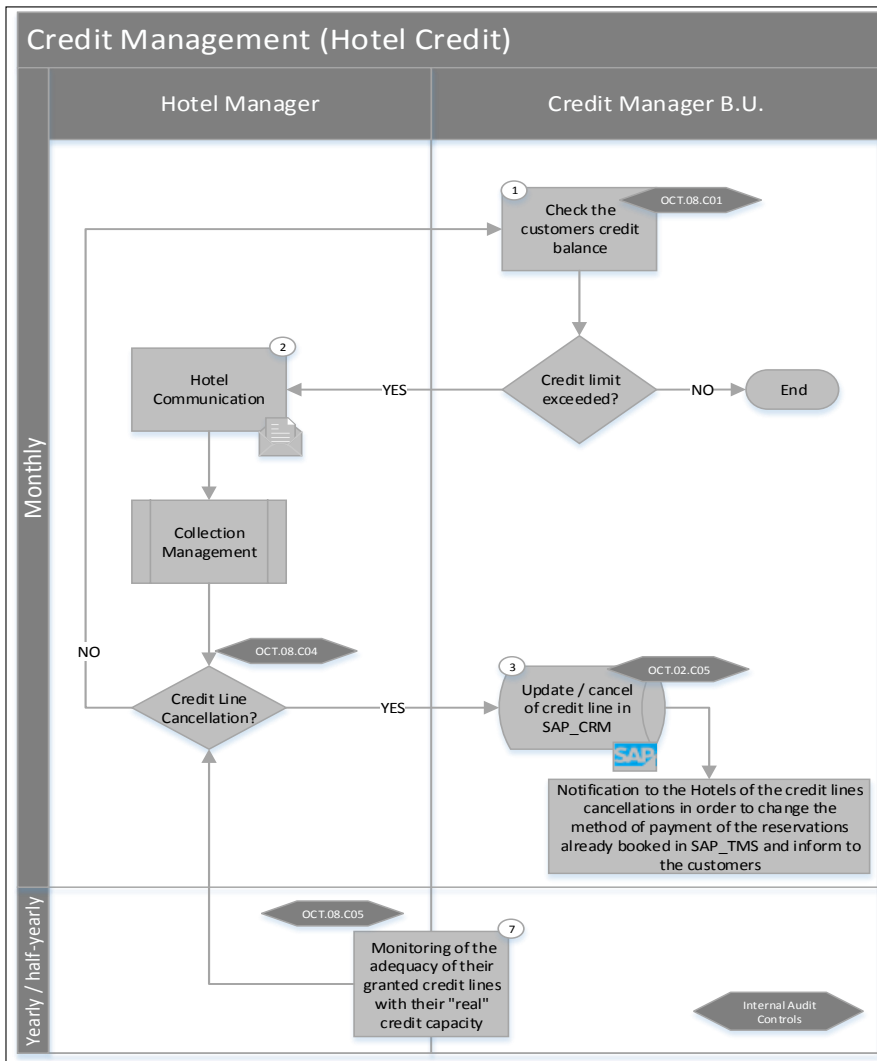
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## NH Approvals

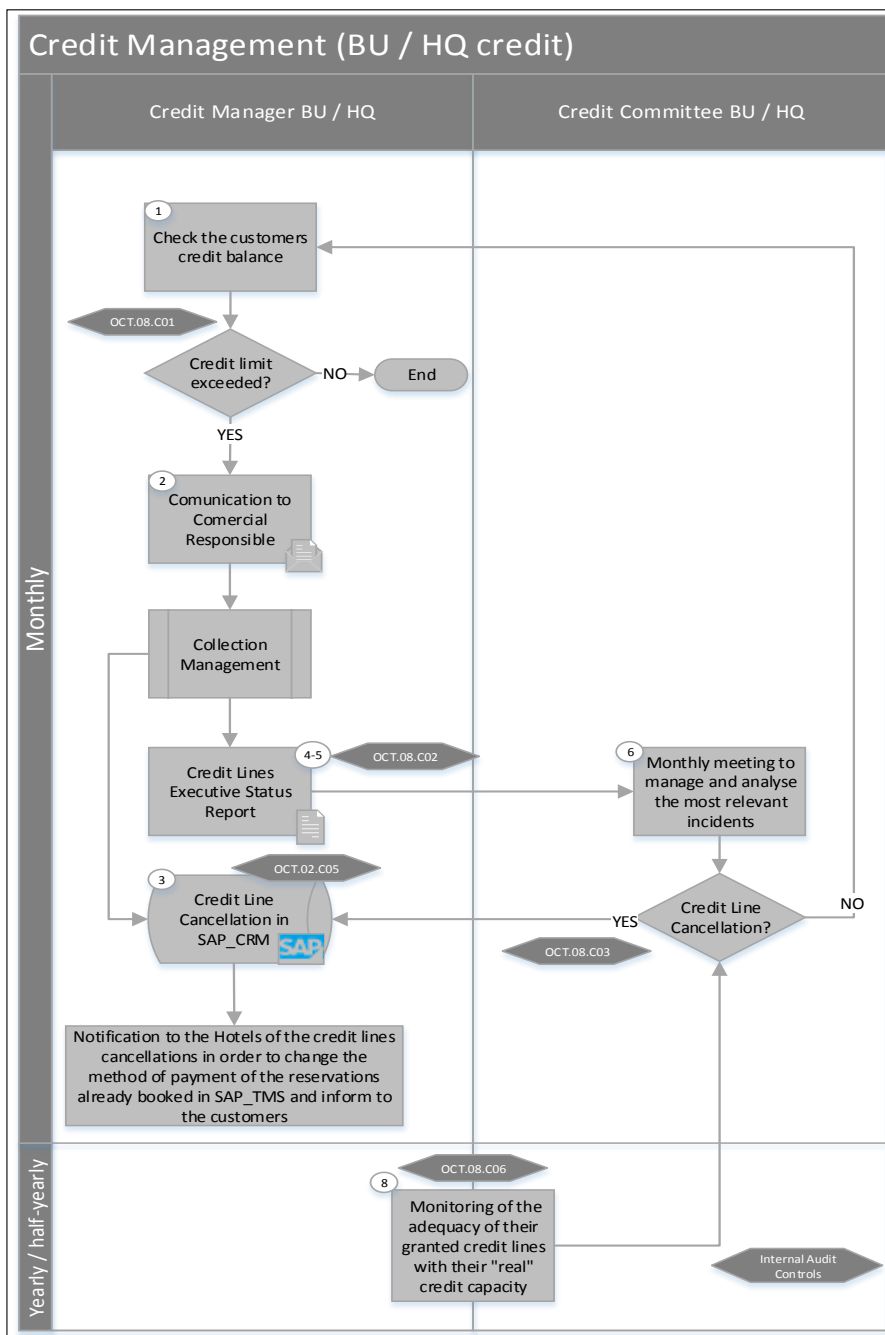
Name	Function	Date	Comments
Beatriz Puente	Process Owner		
Francisco Morillo	Process Leader		

## Modification History

Document Version	Date	Modified by	Comments
0.1	11.07.2015	Miguel Pérez	



Shape	Name	Description
	Task	Represents a manual activity of the process.
	Automatic Task	Represents an automatic activity of the process.
	Flow direction	Input or output of the task or decision.
	Internal Audit Control	Controls defined by NH Internal Audit.
	Systems	Applicatio or Tool.
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	Manual Process	Manual Business process composed of tasks, decisions, flow directions, documents and
	Decision point	It is originated after one task and it generates two or another decision.
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	Notifications	External/Internal Notifications.



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NH HOTEL GROUP			Corporate IT & Organization Department			
Process: Receivables Accounts Management						
Subprocess: Credit Management						
Process Owner: Beatriz Puente			Proces Leader: Francisco Morillo			
Order	Task	Task Description	When	Responsible	Frecuency	Tools
1	Analysis of clients outstanding balance vs credit limit and due date	<p>Check customers outstanding accounts receivable in order to generate the three following reports:</p> <ul style="list-style-type: none"><li>- Customers with credit limit exceeded;</li><li>- Customers with overdue debt;</li><li>- Customers with credit limit exceeded and overdue debt.</li></ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"><li>- The customers outstanding AR balance calculation should include: the outstanding balance and guest ledger pending to be invoiced (netted from prepayments). At the moment, only outstanding AR balance will be considered in order to compare with the credit limit</li><li>- Particular attention shall be paid to <b>discrepancies</b> that could be generated (in the invoicing process) and <b>have them in consideration for the calculation of the outstanding AR balances</b>.</li><li>- On an annual basis (or whenever necessary), it is recommended to perform again the customers solvency analysis to ensure they are aligned/adequate with the credit limits granted.</li></ul>	8th working day of each month	BU Credit Manager	Monthly	SAP_CRM; (Credit Amounts), SAP_FI (FBL5N, /CCSHT/AGING_CLI) + BI CDM tables provided by IT
1 - AI	Internal Audit Control (OTC.08.C01)	On a monthly basis the Credit Manager carries out a review over the client's balances in order to detect exceeded credit limits. Depending on the credit limit this review is communicated to the hotel director (Hotel Credit), to the sales department (BU Credit) or to the Credit & Risk Committee (Chain Credit).	N/A	BU Credit Manager	Execution: Monthly Testing: Yearly	Evidences: a. Exceeded Balances communicated to the hotels. b. Exceeded Balances communicated to the sales department
2	Communication of customers with credit limit exceeded and / or with overdue debt	<p>After every monthly closing:</p> <ul style="list-style-type: none"><li>- <b>Hotel Credits:</b> BU Credit Manager informs the Hotel Manager about the results obtained from the "customers with credit limit exceeded and / or overdue debt" report, being the Hotel Manager responsible of the related collections. The Hotel Manager will initiate the appropriate actions to regularize the credit limit incidents with the customers: he is responsible for contacting them by telephone so that they are aware of the incident and to ask them to promptly settle their exceeded limits and / or overdue debt. Next monthly closing, the BU Credit Manager will cancel the credit lines to the customers which remain with credit limits exceeded and / or overdue debt.</li><li>- <b>BU Credits:</b> BU Credit Manager gives the order to AR Dept. ("Collectors") to initiate the appropriate actions and informs the Commercial Handler (or Commercial Director if Commercial Handler position is not available) about the results obtained from the "customers with credit limit exceeded and / or overdue debt report. Afterwards, the BU Credit Manager communicates the initiated actions to the BU Credit &amp; Risk Committee.</li><li>- <b>Chain Credits:</b> HQ Credit Manager, together with the BU Credit Manager, gives the order to initiate the appropriate actions to AR Dept. and informs the Commercial VP about the results obtained from the "customers with credit limit exceeded and / or overdue debt" report. Afterwards, the HQ Credit Manager communicates the initiated actions to the HQ Credit &amp; Risk Committee.</li></ul> <p><b>Notes:</b></p> <p>After every monthly closing, the following corrective actions will be performed for BU/Chain customers with credit limit exceeded and / or overdue debt" (they will not apply for the Hotel credits):</p> <ul style="list-style-type: none"><li>- First, and once the overdue debt has been truly claimed at least twice, the Commercial Handler will contact and inform them, 2-3 days in advance, of a notification letter delivery.</li><li>- Customers will receive a notification letter informing them to promptly settle their exceeded credit limits and / or overdue debt within a 15 days deadline. In the event that the above requirements are not met, NH would proceed to cancel credit lines to customers which remain with credit limits exceeded and / or overdue debt.</li><li>- For those clients with an outstanding AR balance of 90% of their granted credit amount, they will receive a notification letter informing them of the current situation to prevent them from exceeding the credit limits granted.</li></ul>	10th working day of each month	BU Credit Manager Commercial Handler	Monthly	E-mail
2 - AI	Internal Audit Control (OTC.08.C04)	The decision regarding the cancellation of credit limit has to be agreed by the Credit Manager for Hotel credit level.	N/A	BU Credit Manager	Execution: Monthly Testing: Yearly	Evidences: a. Supporting documentation of credit cancellations. b. CRM screenshot
2.1 - AI	Internal Audit Control (OTC.08.C03)	The decision regarding the cancellation of credit limit has to be agreed by the Credit Committee for Chain and BU credit level.	N/A	Credit Committee	Execution: Monthly Testing: Yearly	Evidences: a. Minutes of the Credit Committee regarding the cancellation of credit limits. b. CRM screenshot
3	Maintenance of customer records in CRM	Maintenance of customer records in CRM depending on the information received (increase, reduction or cancellation of lines of credit and changes in the administration contact details). If any mistake in other CRM data is detected, BU Credit Manager will contact with CRM Department.	11th working day of each month	BU Credit Manager	Daily	SAP_CRM
3 - AI	Internal Audit Control (OTC.02.C05)	Client credit limits are assigned (or removed) in the system (SAP-CRM) only by the Credit Manager.	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidences: a. User profiles matrix. b. List of users with profiles assigned. c. Changes in CRM Master Data. d. All changes in user profiles regarding the CRM master data.
4	Preparation an executive report on the credit situation in the BU	Preparation and dispatch to the BU Credit & Risk Committee of an executive report on the credit situation in the BU, detailing balances, customers and most relevant incidents, and making the proposals considered appropriate. BU Credit & Risk Committee will make appropriate decisions about the dunning activities to perform and translate them to BU Credit Manager. BU Credit Manager communicates the dunning activities performed by the BU Credit & Risk Committee to the HQ Credit Manager.	12nd working day of each month	BU Credit Manager	Monthly	Internal Office Report
4 - AI	Internal Audit Control (OTC.08.C02)	On a monthly basis the BU Credit Manager prepares and dispatches to the HQ Credit Manager an executive report on the credit situation in the BU, detailing balances, customers and most relevant incidents, and making the proposals considered appropriate.	N/A	BU Credit Manager	Execution: Monthly Testing: Yearly	Evidence: Executive report on the credit situation in the BU sent to the HQ Credit Manager
5	Preparation an executive report on the credit situation in the Chain	Preparation and dispatch to the Credit and Risk Committee of an executive report on the credit situation in the company, detailing balances, customers and most relevant incidents, and making the proposals considered appropriate.	12nd working day of each month	HQ Credit Manager	Monthly	Internal Office Report
6	BU/HQ Credit & Risk Committee Meeting	<p>Credit &amp; Risk Committee (BU/HQ) analyzes the level of collection of the dunning activities carried out by the BU/HQ Credit Manager (tasks 2, 3 &amp; 3), and based on it, will make appropriate decisions about:</p> <ul style="list-style-type: none"><li>- The reduction or cancellation of credit lines.</li><li>- The increase of the guarantees (% of the credit line amount requested through a bank guarantee).</li><li>- The granting of special credit lines.</li><li>- The formalization of claims (from the Committee) to customers with high delinquency rate and/or high risk indicator (4).</li></ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"><li>- BU Credit &amp; Risk Committee shall consist of: BU Finance Manager, BU Commercial Manager, BU Credit Manager and BU Operating Manager.</li><li>- HQ Credit &amp; Risk Committee shall consist of: Finance SVP, Chief Commercial Officer, HQ Credit Manager and Operations SVP.</li></ul>	15th working day of each month	BU/HQ Credit & Risk Committee Meeting	Monthly	Minute
7	Automatic analysis of Customers Credit adequacy with Solvency: BU and Chain customers	Half-yearly, for those customers included in the external credit management tool (type A and B), an automatic monitoring/verification of the adequacy of their granted credit lines with their "real" credit capacity, will be performed.	N/A	BU/HQ Credit Manager	Half-Yearly	Risk and solvency report provided by external company
	Internal Audit Control (OTC.08.C05)	Half-Yearly, for customers included in the external credit management tool, there is in place an automatic monitoring/verification of the adequacy of their existing credit lines with its "real" credit capacity	N/A	BU/HQ Credit Manager	Execution: Half-yearly Testing: Yearly	Evidence: Risk and Solvency report provided by external company
8	Manual analysis of Customers Credit adequacy with Solvency: Hotel, BU and Chain customers	<p>For those customers that are not included (rest of type A and B, and all type C) in the automatic monitoring/verification of their credit capacity (external credit management tool), the following tasks will be performed:</p> <ul style="list-style-type: none"><li>- <b>Hotel or BU/Chain Credits:</b> annual manual verification with the Hotel Managers (Hotel Credits) or corresponding Commercial Manager (BU/Chain Credits) of the adequacy of granted credit lines with "real" clients credit capacity, performing again the solvency analysis. Based on that information, appropriate decisions will be made: maintain, modify or cancel credit lines.</li></ul>	N/A	BU/HQ Credit Manager	Yearly	Risk and solvency report provided by external company
7/8 - AI	Internal Audit Control (OTC.08.C06)	Yearly, for customers that are not included in the external credit management tool, there is in place an automatic monitoring/verification of the adequacy of their existing credit lines with its "real" credit capacity	N/A	BU/HQ Credit Manager	Execution: Yearly Testing: Yearly	Evidence: Risk and Solvency report provided by external company
9	Notification of the credit lines cancellations	Notify to the Hotels (also the Commercial Account handler, rest of BU Credit Managers and Operations Department will be copied in the notification), at least one week in advance (except in special cases), all the credit lines to be canceled. Hotels will have to change the method of payment of all reservations already booked in SAP_TMS (from credit to "On-desk payment") and inform to all customers that those reservations needs to be prepaid or they will be removed.	Ad-hoc	BU/HQ Credit Manager or Administration & Finance Department	Ad-hoc	E-mail