

SCOPE OF WORK

Concurrent Audit is an examination, which is contemporaneous with the occurrence of the transactions or is carried out as near thereto as possible. It attempts to shorten the interval between a transaction and its examination by an independent person not involved in its documentation. There is an emphasis in favor of substantive checking in key areas rather than test checking.

The focus of Concurrent Audit has to be on adherence to laid down systems, procedures & safeguards as this audit is essentially a management process integral to the establishment of sound internal accounting functions and effective controls and setting to the tone for a vigilant internal audit to preclude the incidence of serious errors and fraudulent manipulations. The audit programme should focus on verification of transactions keeping in view the above stated principal objectives.

A Concurrent Auditor may not sit in judgment of the decision taken by Managing Director/Chief Operating Officer of IFCI Infrastructure Development Limited (IDL). The concern is that this is beyond the scope of the Concurrent Audit. However, the auditor will necessarily have to see whether the transactions or decisions are within the policy parameters laid down by the company, and that they are within the delegated authority and in compliance with the terms and conditions for exercise of the delegated authority. The concept of Concurrent Audit has been developed for immediate identification of weaknesses and deficiencies in Systems and Procedures, plugging Income leakages and to bring about ongoing improvement in the standard of internal housekeeping. The Concurrent Auditor has to critically carry out the Audit (Inspection) of the various activities of the company and safeguard its interests from all angles.

Objectives of Concurrent Audit System

- The Concurrent Audit System is regarded as part of company's Preventive Vigilance System that helps in prompt detection of irregularities and lapses.
- The objective is to carry out certain Audit tasks on an ongoing basis, besides keeping the current routine work under continuous check.
- The System is capable of detecting mistakes, errors, omissions, Frauds etc., with high promptitude and it safeguards the company's Assets and Income.
- By providing a quick feedback on the Accounting efficiency and deficiencies in System implementation, it helps the operating Staff to safeguard the company's Assets and recover the Income due.

Job Role

- Concurrent Audit assignments to be carried on as per the ICAI Guidelines on audit and ethics.
- Integrity to be strictly maintained in the assignment and independence at any point should not be affected.
- The main role of Concurrent Auditor is to supplement the efforts of the company in carrying out simultaneous internal check of the transactions and other verifications and compliance with the procedures laid down.
- The Concurrent Auditor should interact with the Operating Staff and should give necessary guidance in the day-to-day functioning of the branch for taking preventive vigilance action.
- The Concurrent Auditor's approach to the work should not be faultfinding, but that of a catalyst for safeguarding of the company's interests. The Concurrent Auditor may furnish to the Managing Director/Chief Operating Officer or any other official authorized by Managing Director at the beginning of the month, a monthly plan of Auditing various areas, for smooth functioning.

- The Concurrent Auditor should endeavor to update his knowledge and Audit skills to make Concurrent Audit System an effective tool of management of the company's affairs.
- The Audit notes submitted by the Concurrent Auditor should contain details of irregularities pointed out, including those rectified, persisting irregularities & recurring irregularities pointed out in the previous Audit notes.
- The Concurrent Auditors are required to perform mainly the following job:
 - Ensure Statutory Compliances.
 - Checking transactions on routine basis with a view to detect revenue leakage. Control over receipts/issue of cheques.
 - To make sure proper revenue recognition between front end software and back end software in timely manner.
 - To check banquets hall functions revenue V/s cost sheet for every functions individually.
 - To make sure agent/any marketing portal commission within agreed terms.
 - Monitoring of amount pending from customers more than one month.
 - To make sure proper authorized discount passed on to customer within approved limit.
 - Checking of daily vouchers, stress is on sensitive accounts such as handling of cash, deposits and receivables.
 - Approvals for payment made and overdue.
 - Inventory / Purchase management.
 - To make sure on weekly basis revenue v/s collection statement.
 - To make sure purchase/any type of services coming under proper approval and within limit.

- To check all cash purchase vouchers on daily basis within proper approval and supporting.
- To check any other excess/wastage in F&B, Housekeeping, expiry food items, excess buying, disposal any extra items without approval etc.
- To check aging wise inventory/receivables.
- To check any scrap sales revenue or disposal without any approval.

Type of activities to be covered/Scope

It is pertinent to mention here that the basic purpose behind Concurrent audit is to shorten the interval between a transaction and its examination by an independent person not involved in it. The emphasis is clearly on substantive checking of a I I key areas of branch operations rather than test checking / checking on sample basis. It is, therefore, an important prerequisite for the Concurrent auditor to equip / keep himself / herself updated about a I I changes systems & procedures from time to time.

A. SALES DEPARTMENT:

1. Review & report on whether contracts as made made with corporate clients are proper and as per the policy of FSND and Adhoc limit given to the corporate clients meet the policy.
2. Review & report whether contracts made with corporate clients as well as for adhoc credit clients are timely renewed.
3. Review & report whether proper record is maintained for credit business covering minimum followings:
 - a) Credit Approval Form
 - b) Vender Registration Form/ Bill to Company (BTC) Letter,
 - c) Adhoc Credit Form,
 - d) KYC of the Clients,

- e) Security Deposit.
 - f) Guaranty provided,
 - g) Market credentials and report of the Client.
4. Review & report on timely assessment and review of the rates offered to various clients.
 5. Review & report on Security deposits and guaranty provided by corporate clients is checked and verified on regular basis.
 6. Report all incidences of not utilizing guaranty provided in case of delay in payments.
 7. Review whether any commission is agreed/ given for corporate business. If yes, the reasonableness of the same to be verified and reported.
 8. Review & report on Statement of Commission agreed to be paid with terms and rates of commission.
 9. Review & report the actions taken by the concerned sales person to ensure the timely settlement of all the overdue billing.
 10. Review & report Comparison between Online Business, Corporate business and FIT Business.
 11. Review record of clients visited on daily basis by sales team.
 12. Review & report on proper use of taxi service and hotel vehicle on daily basis by sales team.
 13. Review of productivity comparison.
 14. Review of the statement of the Complimentary Service (Room/ Taxi/ F&B/ Others) offered to guest.
 15. Overall analysis of Internal Controls.
 16. Any other related activity(s) incidental and ancillary thereto.

B. FRONT OFFICE:

1. Review and report on proper treatment of all following items with maintenance of proper record on daily basis to ensure there is no revenue leakage:
 - a) No Shows,
 - b) Cancellations,
 - c) Early Check Ins and
 - d) Late Check outs and
 - e) Extra Beds
2. Review & report on proper authorization & documentation of not charging any No Show, Cancellation, Early Check In and Late Check out.
3. Review and report on proper authorization and documentation of all Allowances on daily basis.
4. Review and report on maintenance of relevant documents at Front Office for all corporate & non-corporate BTCs along with duly authorized KYC documents.
5. Review & report on reasonableness of Room rates offered by Front Desk considering BAR and Rack Rates.
6. Review & report on control exercised while issuing room keys and maintenance of record for the same.
7. Review & report Daily Key Issuing Report with the Guest Check-in Report from hotel PMS.
8. Review & report on Record of No. of Pax for breakfast circulated by Front Desk to F&B Department.
9. Review and report on whether use of taxi service for guest is properly recorded and charged. If taxi provided on complimentary basis then report whether it is properly authorized and documented.
10. Review & report on taxi vendor payments and revenues generated by the FSND.
11. Review & report on proper record of vacant rooms is maintained in system and

duly authorized by the General Manager of FSND.

12. Review & report on completeness of documentation & reasonableness of the refunds to guests.
13. Review & report on timely settlements of IOUs.
14. Review & report on Front Desk Handover register for log records, comparing the logs with software and verifying the genuineness of software records.
15. Verification of details submitted to FRRO in respect of foreign guests.
16. Over all analysis of Internal Controls.
17. Any other related activity(s) incidental and ancillary thereto.

C. BANQUETS:

1. Review & report on maintenance of Banquet Invoicing Register on daily basis which must contain minimum following details:
 - a) Bill No.,
 - b) MG & Actual Cover,
 - c) Name of Host,
 - d) Billing Instructions,
 - e) Mode of settlement,
 - f) Amount of the Bill.
 - g) Concerned Account Manager.
2. Review & report on proper documentations of the banquet functions.
 - a) Agreement/ contract,
 - b) Function Prospectus (FP),
 - c) Invoices,
 - d) Settlement of the bill,
 - e) Cost Sheet
3. Review & report on Number of Pax Verification Report for each function.
4. Review & report on reasonableness of the rates offered for each function:
 - a) Veg Menu Functions,

- b) Non-veg Menu Functions,
 - c) Liquor Functions.
5. Review & report on unreasonably low rated functions.
 6. Review & report on reasonableness of use of outsourced manpower for functions.
 7. Review & report on documentation of use of outsourced vendor services.
 8. Review & report on completeness of documentation & reasonableness of the refunds to guests.
 9. Review & report on Service Recovery Report of Banquet.
 10. Review & report on Guest Comment Report on food & service.
 11. Review & report on Bar Inventory procedures.
 12. Verifying banquets bookings, daily banquet registers, banquet food consumption, banquets consumables and mapping them with revenues.
 13. Over all analysis of Internal Controls.
 14. Any other related activity(s) incidental and ancillary thereto.

D. FOOD & BEVERAGE (EPICURE)

1. Review & report on maintenance of Epicure Invoicing Register on daily basis which must contain minimum following details:
 - a. Bill No.,
 - b. Actual Cover,
 - c. Name of Guest/ Company in case of BTC
 - d. Billing Instructions, in case of BTC,
 - e. Mode of settlement,
 - f. Amount of the Bill.
 - g. Concerned Account Manager, in case of BTC.
2. Review & report on Service Recovery Report of F&B Outlet.

3. Review & report on Guest Comment Report on food & service.
4. Review & report on control over Perishable items.
5. Physical verification of F&B stores, kitchen, stewarding and accounting for excess/shortage, if any.
6. Review & report on Cancellation of orders.
7. Review & report on complimentary (approvals etc.)
8. Review & report on Liquor control –physical verification, Excise records, outlet records, consumption analysis.
9. Review & report on Menu Cycles, price fixation and dish costing.
10. Over all analysis of Internal Controls.
11. Any other related activity(s) incidental and ancillary thereto.

E. PURCHASE & STORES

1. Review & report on validation of agreements with vendors for supplies.
2. Review & report on authorization of purchases:
 - a) Rate approval,
 - b) Requisition in Sage duly approved by GM,
 - c) PO duly signed by all concerned person,
3. Review & Report on procedure followed for receiving of material.
4. Review & report on PO status in Sage on monthly basis.
5. Review & report on process of issuing material to various departments.
6. Review & report on updating inventory status for material purchased & issued on daily basis.
7. Review & report on the inventory management as per the reorder level and crucial stock level.

8. Review & report on proper labelling and date of expiry of the packed inventory items.
9. Review & report on month end inventory.
10. Over all analysis of Internal Controls.
11. Any other related activity(s) incidental and ancillary thereto.

F. HR AND TRAINING & DEVELOPMENT

1. Review & report on the report prepared by HR department with regards to marking off attendance in bio-matrix system.
2. Review & report on compliances of applicable labor law in the organisation.
3. Review & report on maintenance of documentation for applicable labor laws.
4. Over all analysis of Internal Controls.
5. Any other related activity(s) incidental and ancillary thereto.

G. HOUSE KEEPING:

1. Review & report on procedure followed for Lost and Found items on monthly basis.
2. Review & report on consumables with the house keeping deptt.–physical verification, record keeping etc.
3. Review & report on physical verification of House Keeping Inventory (Fixed Asset) on monthly basis.
4. Review & report on the documentation of the procedure followed for checking of rooms at the time of check-out, making the room again, placing the room amenities, house–laundry, house keeper’s occupancy report.
5. Review & report on treatment of discarded linen & uniforms.

6. Review & report on Work orders-tailoring, Carpet cleaning, garden maintenance.
7. Review & report on Physical Verification and maintenance of records of room equipments.
8. Review & report on items lost/damaged/Breakages etc.
9. Checking of Daily Housekeeping registers for all the rooms of the hotel and verifying occupancies with the software & system records.
10. Review & report on documentation of timely cleanliness of various areas in the property.
11. Overall analysis of Internal Controls.
12. Any other related activity(s) incidental and ancillary thereto

H. ENGINEERING

1. Review & report on Physical Verification and maintenance of records of Hotel plant & machinery.
2. Review & report on all the Annual Maintenance Contracts (AMCs) for the P&M.
3. Vendor Evaluation, selection and performance assessment procedures.
4. Adherence to policies and procedures.
5. Review of Guest complaint including response time.
6. Checking of Engineering register for log items, consumption of diesel, consumables, electricity and mapping the same with daily revenues.
7. Overall analysis of Internal Controls.
8. Any other related activity(s) incidental and ancillary thereto.

I. SECURITY:

1. Review & report on the visitor's register maintained.
2. Review & report on material register maintained.
3. Review & report on the out sourced man power register maintained.
4. Review & report on working of various cameras installed in the property.
5. Review & report on the log books of various vehicles in the property.
6. Review & report on the verification of vacant rooms on daily basis.
7. Over all analysis of Internal Controls.
8. Any other related activity(s) incidental and ancillary thereto.

J. IT DEPTT

1. Review & report on physical verification of IT inventory on monthly basis.
2. Review & report on all the Annual Maintenance Contracts (AMCs).

K. FINANCE:

1. Cash:

- a) Review & report on physical cash verification on monthly basis.
- b) Review & report on Daily Cash transactions, approval of vouchers, completeness of supporting documents for cash receipts and cash payments.
- c) Review & report on timely settlements of IOUs.

2. Loan & Advances:

- a) Review & report on proper sanctioning/approvals, Pre-sanction processes, obtaining of proper documents of loans and advances.
- b) Review & report on security/ guarantee and documents have been received

and properly charged/registered.

- c) Verify whether there is any mis-utilization of the loans and whether there are instances indicative of diversion of funds.
- d) Recovery procedures.

3. Foreign Exchange Transactions

- a) Review & report whether inward/ outward remittances have been properly accounted for.
- b) Review & report on Foreign Exchange Commission earned.
- c) Review & report on treatment of Foreign exchange gain/loss.

4. General

- a) Verifying all accounting policies and practices being implemented and being followed in day to day accounting.
- b) Analytical Review of Budget & Actual.
- c) Analysis of normal and abnormal losses and quantification in all possible areas.
- d) Checking of Salary calculations & payments to permanent employees as well as casual employees.
- e) Checking vendor payments with invoices and calculations presented.
- f) Verifying Bank Reconciliation Statement (BRS) for each month
- g) Verifying TDS, Service Tax & VAT and GST deposit and Returns.
- h) Checking daily night audit reports.
- i) Checking daily revenues along with expenses, mapping of expenses to revenues, detecting of discrepancies on daily accounts between revenue & expenses.

- j) Checking Revenue V/s Collection on weekly basis.
- k) Checking the action for recovery pending more than one month.
- l) Checking and verifying front end revenue V/S back end revenue recognition.
- m) Over all analysis of Internal Controls.
- n) Any other related activity(s) incidental and ancillary thereto.

Reporting of frauds

Whenever any fraudulent transactions are detected by the Concurrent Auditors such matters should be immediately reported by way of a special report to the Managing Director or any other official authorized by Managing Director.

Accountability

The concurrent auditors will be responsible for any material omission or commission under their concurrent audit. Any error to detect revenue leakages shall attract penalty on the concurrent auditor to the extent of 25% of his annual fee for the relevant year.

Follow up and monitoring

The responsibilities for follow up and monitoring of Concurrent Audit shall be with the Managing Director or any other official authorized by Managing Director on his behalf.