

Annexure - I

Scope of Work – Internal Audit – FSND (Hospitality Division)

A. SALES DEPARTMENT:

1. Review & report on whether contracts have been executed with the clients availing credit facilities.
2. Review and report whether contracts are in line with the approved credit policy.
3. Review and report whether contracts with the OTA (Online Travel Agents) and LTA (Local Travel Agents) is executed and commission paid to them are in accordance with the agreement.
4. Review and report whether contracts executed with corporate clients for credit policy and adhoc limit are in accordance with the approved credit policy.
5. Review & report whether proper record is maintained for credit business covering minimum followings:
 - a) Credit Approval Form
 - b) Client 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.
6. Review & report on timely assessment and review of the tariff rates offered to various clients.
7. Review & report on Security deposits and guaranty provided by corporate clients is checked and verified on regular basis.
8. Report all incidences of not utilizing guaranty provided in case of delay in payments.
9. Review whether any commission is agreed/ given for corporate business. If yes, the reasonableness of the same to be verified and reported.
10. Review & report the actions taken by the concerned sales person to ensure the timely settlement of all the overdue billing.

11. Review & report over Comparison made among Online Business, Corporate business and FIT (Walk in) Business.
12. Review record of clients visited on daily basis by sales team.
13. Review & report on proper use of taxi service and hotel vehicle on daily basis by sales team.
14. Review of the statement of the Complimentary Service (Room/ Taxi/ F&B/ Others) offered to guest.
15. Report and suggestion over Internal Controls of the department.

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 and report over all allowances provided to the clients.
3. Review and report on maintenance of relevant documents at Front Office for all corporate & non-corporate BTCs (Bill to Company) along with duly authorized KYC documents.
4. Review & report on reasonableness of Room tariff rates offered by Front Desk considering BFR (Best Flexi Rate) available and Declared tariff Rates.
5. Review & report on control exercised while issuing room keys and maintenance of record for the same.
6. Review & report Daily Key Issuing Report with the Guest Check-in Report from hotel PMS.
7. Review & report on Record of No. of Pax for breakfast circulated by Front Desk to F&B Department.
8. Review and report on whether use of taxi service for guest is properly recorded and charged. If taxi is provided on complimentary basis then report whether it is properly authorized and documented.
9. Review & report on taxi vendor payments and revenues generated by the FSND.
10. Review & report on proper record of vacant rooms is maintained in system and duly

authorized by the General Manager of FSND.

11. Review & report on completeness of documentation & reasonableness of the refunds to guests.
12. Review & report on timely settlements of IOUs.
13. Review & report on Front Desk Handover register for log records, comparing the logs with software and verifying the genuineness of software records.
14. Verification of details submitted to FRRO (Foreigners Regional Registration Office) in respect of foreign guests.
15. Review and suggestion over Internal Controls of the department.

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 tariff rates offered for each function:

- a) Veg Menu Functions,
 - b) Non-veg Menu Functions,
 - c) Liquor Functions.
5. Review & report on reasonableness of use of outsourced manpower for functions.
 6. Review & report on documentation of use of outsourced vendor services.
 7. Review & report on completeness of documentation & reasonableness of the refunds to guests.
 8. Review & report on Service Recovery Report of Banquet.
 9. Review & report on Bar Inventory procedures.
 10. Verify banquets bookings, daily banquet registers, banquet food consumption, banquets consumables and mapping them with revenues.
 11. Report and suggestion over Internal Controls of the department.

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 control over Perishable items.
4. Physical verification of F&B stores, and accounting for excess/shortage, if any.
5. Review & report on complimentary (approvals etc.) to the guests.
6. Review & report on Liquor control –physical verification, Excise records, outlet records, consumption analysis.
7. Review and suggestion over the Internal Controls of the department.

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. Review and suggestion over the Internal Control of the department.

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 organization.
3. Review & report on maintenance of documentation for applicable labor laws.
4. Review and suggestion over the Internal Control of the department

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 dept.–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, arranging the room for new customers, 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. Checking of Daily Housekeeping registers for all the rooms of the property and verifying occupancies with the software & system records.
9. Review & report on documentation of timely cleanliness of various areas in the property.
10. Review and suggestion over the Internal Control of the department

H. ENGINEERING

1. Review & report on Physical Verification and maintenance of records of property 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. Review of Guest complaint with its response time.
5. Checking of Engineering register for log items, consumption of diesel, consumables, electricity and mapping the same with daily revenues.
6. Review and suggestion over the Internal Control of the department

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 camaras 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. Review and suggestion over the Internal Control of the department

J. IT DEPTI

1. Review & report on physical verification of IT inventory on monthly basis.
2. Review & report on all the Annual Maintenance Contracts (AMCs).
3. Review and suggestion over the Internal Control of the department

K. ACCOUNTS & FINANCE:

1. Cash & Bank:

- 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.
- d) Control over stock of Cheques and its utilization.
- e) Control over receipt of Cheques.

2. Fixed Assets:

- a) Review of Procurement Process
- b) Emergency sanctions
- c) Capitalization
- d) Fixed Assets Register including physical verification of the fixed assets
- e) Depreciation Accounting
- f) Adequacy of Insurance cover
- g) Disposal and write offs

3. Statutory Compliance

Compliance with regards to timely deposit of statutory dues in government treasury and filing of returns etc under:

Income Tax Act

Sales Tax Act

Prevention of Food and Adulteration Act

ESIC/E.P.F. Act

Goods & Services Tax Act (GST)

4. Trial Balance

- a) Review of Journal Entries, Cash book, and bank book
- b) Verification of expenses with regards to system, procedure and propriety.
- c) Inter Unit Reconciliation – FSND and H.O.
- d) General Ledger Scrutiny

5. 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) Recovery procedures.

6. 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.

7. General

- a) Verify all accounting policies and practices being implemented and being followed in day to day accounting.
- b) Analysis of normal and abnormal losses and quantification in all possible areas.
- c) Checking of Salary calculations & payments to permanent employees as well as out sourced employees.
- d) Checking vendor payments with invoices and calculations presented.
- e) Verify Bank Reconciliation Statement (BRS) for each month
- f) Verify TDS / GST deposit and Returns.
- g) Checking daily night audit reports.
- h) Checking daily revenues along with expenses, mapping of expenses to revenues, detecting of discrepancies on daily accounts between revenue & expenses.
- i) Checking the action for recovery pending more than one month.
- j) Review and suggestion over the Internal Control of the department

Reporting of frauds

Whenever any fraudulent transactions are detected by the Internal 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 after pre- discussion with C.F.O.

Accountability

The Internal auditors will be responsible for any material omission or commission under their Internal audit. Any error to detect revenue leakages shall attract penalty on the Internal 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 Internal Audit shall be with the Managing Director or any other official authorized by Managing Director on his behalf.

It is pertinent to mention here that the basic purpose behind Internal 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 all key areas of branch operations rather than test checking / checking on sample basis. It is, therefore, an important prerequisite for the Internal auditor to equip / keep himself / herself updated about all changes systems & procedures from time to time.

Annexure - II

IFCI INFRASTRUCTURE DEVELOPMENT LIMITED-IIDL

Scope and Audit Responsibilities of Internal Auditors

Scope of Work

Purchase & Procurement

- Checking & verification of purchase orders
- All purchase are authorized and valid
- Check that where more than one quotation is not available, note for reason for single quotation has been provided and approved.
- Check Payment are made as per PO terms
- All purchases are recorded in the accounting system and in the appropriate period.
- All payment for purchases are made only for goods actually received.
- Ensure physically verification of inventory at regular interval at sites.

Project Management

- All contracts agreements/Work order issued are authorized.
- All work orders/contract agreement entered into are in the interest of the company. Check that more than one quotations are taken from contractors and the same are techno-commercially evaluated. Check that where more than one quotation is not available, note for reason for single quotation has been provided and approved.
- Contract Conditions are complied with:-
 - Check that the contractor has executed and submitted bank guarantee before the commencement of work. *(AS PER THE TERMS OF THE CONTRACT)*
 - Check that the contractor has taken insurance and submitted necessary documents as per the terms of contract
 - Check that certified (by both contractor and IIDL) measurement sheet are attached with R.A bill. Also check that R.A bills are attached with supporting as mentioned in the contract. . Also check if PMC is appointed in a particular project than certificate from PMC is also attached and the verification of the same is also done in Head office
 - Check whether all statutory deductions like TDS , Labour cess etc. are made.
 - Check that retention money is held correctly as per the terms of contract. Also check that R.A bill has been calculated as per terms of the contract. *(Only for cases where such clause exists as per work order or agreement)*

- Check that the retention money is not returned to the contractor before the completion of the Defects Liability period. (*Only for cases where such clause exists as per work order or agreement*)
- Check that contractor payment is authorised as per the chart of authority before payment.
- Check that arithmetical accuracy of the R.A bill is checked before payment
- Check that the contractor maintains a Quality Manual for the project. Also check the measures and reports submitted by the contractor for Quality assurance. (*Only for cases where such clause exists as per work order or agreement*)
- Check that the contractor maintains a Site Safety Manual for the project. Also check the measures and reports submitted by the contractor for Quality assurance. (*Only for cases where such clause exists as per work order or agreement*)
- Variation orders are authorized.

Marketing Activities

- Checking of sale of flats/land is approved from competent authority.
- Raising of demand and receipt of funds is as per agreed terms of contract.
- Allotment of flat is only against application money as per the General Terms & Conditions
- All marketing expenses are approved

Fixed Assets:-

- Checking of fixed assets additions/deletions/depreciation.
- Checking of maintenance and updation of Fixed Asset Register.
- Ensure physical Verification of Fixed Assets

Finance & accounts:-

- All bank & Cash transactions are authorized. All bank transactions are recorded accurately and in the correct accounting period
- Bank Reconciliations
- Control exists over custody of cheque book. Cash is safeguarded
- Auditors must Ensure:-
 - Data is updated on regular basis
 - Bills are properly checked in account department before entering in software
 - Payment is released after all statutory deductions.
 - Payments are made after due approvals
- All other expenses incurred as approval, reconciled with supporting details. Management reviews/ notings, supporting documentation before approving payments .

- General Ledger Scrutiny
- Review of Journal Entries, Cash Book and Bank book
- Inter Unit Reconciliations

IT Department:-

- Physical access to computer equipment is monitored and restricted to individuals who require such access to perform their job responsibilities.
- Timely back up of data. Remote back up procedure.
- Hardware and software security
- Licensing of software.

Legal & Secretarial Department:-

- Checking of all legal/secretariat transactions.

HR and Admin

- Checking of
 - Payroll, attendance and leaves.
 - Adherence to norms for PF and ESI
- Provisions of Gratuity and Leave encashment
- Checking of log book maintained for vehicles

Statutory compliances:

- Statutory obligations are complied with in the following areas:
Income Tax
Goods & Services Tax Act (GST)
PE/ESI
Any Other project related statutory compliance

General

- Verifying all accounting policies and practices being implemented and being followed in day to day accounting.
- Review of Budget & Actual figures provided by the respective department.
- Analysis of normal and abnormal losses and quantification in all possible areas.
- Providing suggestion for optimum resource utilization.
- Review and suggestion over the Internal Controls of the department.