

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 of daily vouchers, stress is on sensitive accounts such as handling of cash, deposits and receivables.
 - Checking transactions on routine basis with a view to detect revenue leakage. Control over receipts/issue of cheques.
 - Approvals for payment made and overdue.
 - Monitoring of amount pending from customers more than one month.
 - Inventory / Purchase management.
 - To make sure proper revenue recognition between front end software and back end software with timely.
 - To make sure proper authorized discount passed on to customer within approved limit.
 - To make sure on weekly basis revenue v/s collection statement.
 - To make sure agent/any marketing portal commission within agreed terms.

- 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 banquets hall functions revenue V/s cost sheet for every functions individually.
- To Check F&B revenue V/s cost sheet on daily basis.
- 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 all 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 all changes systems & procedures from time to time.

a) Inventory

1. Keeping a check on inventories purchased and consumption/sold on a daily basis and maintaining proper records of the same for all type of consumable materials.

2. Valuation of Inventory-Checking and keeping track of rooms' occupancy through the well-established systems and verify the room tariff as per the policies and procedures.

b) Cash & Bank

1. Physical Verification of Cash.

- a. Check that the physical cash balance tallies with the balance shown by the cash book.
- b. Approval of vouchers, completeness and supporting for cash/cheque receipts and cash payments
- c. Daily Cash transactions with particular reference to any abnormal receipts and payments.
- d. Proper accounting of inward and outward cash remittances

2. Deposits

- a. Check the transactions about deposits received and repaid.
- b. Checking of interest paid on deposits including calculation of interest on large deposits.
- c. Verifying that quotes are received from various banks and deposit is placed with bank quoting the maximum rate of interest and also getting approved by internal committee formed for the same.

c) Loans & Advances

1. Ensure proper sanctioning/approvals of loans and advances.
2. Pre-sanction processes, obtaining of proper documents.
3. Ensure that securities and documents have been received and properly

charged/registered.

4. Verification of securities/guarantee given/taken along with the relevant documents.
5. Verify whether there is any mis-utilization of the loans and whether there are instances indicative of diversion of funds.
6. Recovery procedures.

d) Foreign Exchange Transactions

1. Check foreign bills negotiated under letters of credit.
2. Check whether inward/ outward remittances have been properly accounted for.
3. Foreign Exchange Commission.
4. Treatment of Foreign exchange gain/loss.

e) House keeping

1. Lost and Found items
2. Inventory holding –physical verification, record keeping etc.
3. Procedure- records, checking of rooms at the time of check-out, re-ordering, house –laundry, house keeper’s occupancy report/bill.
4. Work orders-tailoring / Carpet cleaning.
5. Policy on discards.
6. Material damages/Brokerage/out of sales.
7. Checking of Daily Housekeeping registers for all the rooms of the hotel and verifying occupancies with the software & system records

f) Banquets

1. Rack rates Vs Offered rates i.e. any extra discount beyond approval limit.
2. Billing –function prospectus, bills v/s cost sheet for individual function etc.
3. Procedure for Number of Pax verification
4. Procedure for outdoor catering
5. Bar Inventory procedures
6. Verifying banquets bookings, daily banquet registers, banquet food consumption, banquets consumables and mapping them with revenues.
7. Any other related activity(s) incidental and ancillary thereto.

g) Food & Beverages

1. Control over Perishable items
2. Contracts & agreements with vendors.
3. Review & reconciliation of F&B.
4. Physical verification of F&B stores, kitchen, stewarding and accounting for excess/shortage, if any.
5. Periodic checks of production Vs portions sold.
6. Cancellation of orders , complimentary (approvals etc)
7. Liquor control –physical verification, Excise records, outlet records, consumption analysis including control over mini bars.
8. Ascertainment of wastages during production.

9. Review of Menu Cycles, price fixation and dish costing.
10. Process of communication of menus to F&B.
11. Consumption of food items with revenues for each day.
12. Any other related activity(s) incidental and ancillary thereto.

h) Engineering division

1. Physical Verification and maintenance of records of Hotel equipment's.
2. Vendor Evaluation, selection and performance assessment procedures
3. Adherence to policies and procedures.
4. Review of Guest complaint including response time.
5. Checking of Engineering register for log items, consumption of diesel, consumables, electricity and mapping the same with daily revenues

i) General

1. Verifying all accounting policies and practices being implemented and being followed in day to day accounting.
2. Analytical Review of Budget & Actual figures provided by the respective department.
3. Inter department information/reconciliation.
4. Examine the delegation of authority to various departmental Heads, vis-à-vis financial power and cross control over their function and exercise of authority.
5. Analysis of normal and abnormal losses and quantification in all possible areas.

6. Verification of log books maintained for vehicles.
7. Over all analysis of Internal Controls.
8. Checking of Front Desk Handover register for log records, comparing the logs with softwares and verifying the genuineness of software records.
9. Checking of Daily Key Log Access Records for all rooms key locks (90 locks) to verify physical occupancy's with system reports on 30% sample basis during the period of concurrent audit.
10. Comparing taxi vendor payments and slips with revenues generated by the hotel.
11. Checking of Salary calculations & payments to permanent employees as well as casual employees.
12. Checking vendor payments with invoices and calculations presented.
13. Verifying BRS for each month
14. Verifying TDS, Service Tax & VAT Returns for each month.
15. Verification of details submitted to Police at each night stating the country of each guest.
16. Checking of all daily expenses, approvals & authorization of all vouchers.
17. Checking daily night audit
18. Checking daily revenues along with expenses, mapping of expenses to revenues, detecting of discrepancies on daily accounts between revenue & expenses.
19. Checking Revenue V/s Collection on weekly basis.
20. Checking the action for recovery pending more than one month.

21. Checking and verifying front end revenue V/S back end revenue recognition.
22. Checking any Manual bill, which are updating in the front end system on daily basis, if any i.e. any revenue leakage, which are not reporting.

Reporting of frauds

Whenever any fraudulent transactions are detected by the Concurrent Auditors such matters should be immediately reported 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.