

Annexure - I

Scope of Work – Fraser Suits (Hospitality Division -IIDL)

A. SALES DEPARTMENT:

1. Review & report on whether contracts have been executed with the clients availing credit facilities.
2. Review and report whether credit facility extended 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 & report whether proper record is maintained for credit business covering minimum followings:
 - a) Credit Approval Form including market report on client.
 - b) Security Deposit.
 - c) Guaranty provided,
5. Review & report on timely assessment and review of the tariff rates offered to various clients.
6. Review & report on Security deposits and guaranty provided by corporate clients is checked and verified on regular basis.
7. Report all incidences of not invoking guarantee in case of delay in payments.
8. Review whether any commission is agreed/ given for corporate business.
9. Review & report the actions taken by the concerned sales person to ensure the timely settlement of all the overdue billing.
10. Review & report over Comparison made among Online Business, Corporate business and FIT (Walk in) Business.
11. Review record of clients visited on daily basis by sales team.
12. Review of the statement of the Complimentary Service (Room/ Taxi/ F&B/ Others) offered to guest.
13. 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 (Banquet) 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. MARKETING

1. Review and report on the marketing strategy including digital marketing of the FSND.
2. Review and Report on the business with new clients during the relevant period.
3. Review and Report with reason on the business with the existing clients left during the relevant period.
4. Review and report over the communications with the clients.
5. Report on the steps taken during the relevant period for augment of the brand value.
6. Review and report on the client relationship management system.
7. Review and report over the client feedback system and dealing with the situation where the client is dissatisfy.
8. Report and suggestion over the augment of the brand value of the FSND.

G. HR AND TRAINING & DEVELOPMENT

1. Review & report on the report prepared by HR department with regards to marking off attendance in bio-metric 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
5. Review & Suggestion on training program.

H. 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

I. 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

J. 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

K. IT DEPTT

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

L. ACCOUNTS & FINANCE:

1. Cash & Bank:

- a) Review & report on physical cash verification and cash reconciliation statement on monthly basis at all levels.
- b) Review & report on Daily Cash transactions, approval of vouchers, and completeness of supporting documents for cash receipts and cash payments at all levels.
- 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
- e) Depreciation Accounting
- f) Adequacy of Insurance cover & Risk Covered.
- 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

Goods & Services Tax Act (GST)

Pollution Control

Prevention of Food and Adulteration Act

ESIC/E.P.F. Act

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. 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.

6. 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 should audit in diligent manner and free and frank views should be given in the report and the auditor 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 C.F.O. 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.