

Audit Report for Audit ID - AU00202-1

VA-Purchase Functions

Audit Score

59/100

Details

Audit	AU00202
Scheduled Audit	AU00202-1
Location	Chennai
Hotel	GreenPark Hotel- GPC
Department	Purchase
Checklist	VA-Purchase Functions
Audit Type	External
Auditor	Venkat Associates
Start Date	07-09-2018
End Date	14-09-2018
Submitted Date	10-09-2018
Status	Completed
Assigned By	Administrator Account
Non-Compliance	18
Chronic Issues	0

Comparison

GREENPARK HOTEL- GPC VA-PURCHASE FUNCTIONS				
VA-PURCHASE FUNCTIONS		Sep 2018	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED		
1	Purchase Function	59	-	-
Audit Score		● 59	-	-

	80-100 = Green	Good / Excellent
	61-79 = Yellow	Average
	60 below is Red	Poor / Fair

Non-Compliance

Section: Purchase Function

Subsection: Requirement and Sourcing Plan

1: Whether the performance evaluation of the existing vendors are done and approvals are available for continuing with the existing vendor before the contract is renewed? **NC**

☒ No

Observation Text :

we were informed during discussion that though existing vendor performance evaluation is not done, the process of evaluation shall be started from this month onwards

Section: Purchase Function

Subsection: Vendor Evaluation

1: Whether contracts are entered into with all the selected vendors with applicable clauses incl. debiting them for not supplying the materials for which the unit had to purchase the material from outside at a higher rate, clause for discounts for early payments? **NC**

☒ No

Observation Text :

As no agreements are available with the unit, the same could not be commented upon.

2: Are contracts entered with the vendors for items which are procured frequently but with whom the unit has no contract but buying through monthly PO's ? **NC**

☒ No

Attachments :

QUE13_DOC_20180910_135335.xlsx

Observation Text :

The unit goes by PO for purchase of provision / groceries. We observed a differential cost of Rs.41,837 owing to variance in rates of different items across various months as well as in the same month (Comparison period - Apr'18 - June'18)

3: For all rate revisions from the negotiated / contracted rates, whether appropriate documents with approvals are available? **NC**

☒ No

Observation Text :

As the revised contract rate agreemebt are not sent by corporate, the same could not be commented upon

Section: Purchase Function

Subsection: Purchase Orders

1: Are there any delay in receipt of materials from expected date mentioned in PO? **NC**

☒ No

Attachments :

QUE26_DOC_20180910_140032.xlsx

Observation Text :

Delay up to 38 days was observed in the receipt of the materials in 30 instances as compared with the expected delivery date mentioned in the PO.

2: Are there any Back dated PO and PO's raised after receipt of goods to be correlated to any delay in authorizing PO? **NC**

☒ No

Attachments :

QUE27_DOC_20180910_140139.xlsx

Observation Text :

In 3 instances, observed that there was a backdated PO in the PO register.

3: Are there any Pending PO and status to be given and whether the same are closed in frequency as defined by SOP? **NC**

☒ No

Attachments :

QUE29_DOC_20180910_141108.xlsx

Observation Text :

34 purchase orders were pending to be supplied for a maximum of 975days as on 19-Jul-18, Debit balance (advance paid) Rs.3.17Lakhs and credit balance of Rs.9.04lakhs.

4: Are there instances of Same Material purchased from the same vendor at different prices in same month and same date and whether the vendor is debited for the same?

NC

☒ No

Attachments :

QUE32_DOC_20180910_141829.xlsx

Observation Text :

The unit has procured same product from same vendors at DIFFERENT prices. Due to this, the unit has incurred an excess cost of Rs. 26,369/-.

5: Are there instances of Same material purchased from different vendors at different prices in same month and same date and whether the vendor is debited for the same?

NC

☒ No

Attachments :

QUE33_DOC_20180910_142022.xlsx

Observation Text :

Same product was procured at DIFFERENT rates from DIFFERENT vendors leading to excess cost of Rs.22,349/-

6: Whether regular follow-ups made with the vendors are documented, if the materials are not supplied within the agreed time as per PO? **NC**

☒ No

7: Are there any fresh Purchase Order raised despite a pending Purchase Order ? **NC**

☒ No

Attachments :

QUE36_DOC_20180910_142333.xlsx

Observation Text :

In 2 instances, it was observed that fresh POs were raised despite pending POs for the same items as on 27-Jul-18

Section: Purchase Function

Subsection: MSME Classification

1: Whether the unit has the list of vendors covered under MSME Act 2006? **NC**

☒ No

Observation Text :

Though, we were informed that GPC has no such MSME registered vendors, the same could not be confirmed as there no document for the same

2: If NO, what is the timeline within which the identification would be done? **NC**

☒ No

Observation Text :

There are no document available for confirming that no vendors are MSME registered. We recommend the unit takes a declaration from the vendors themselves

Section: Purchase Function

Subsection: Others

1: Supplier satisfaction survey report compiled? (Quarterly Report) **NC**

☒ No

Section: Purchase Function

Subsection: Purchase Requisitions

1: Whether all the PR's are serially numbered and in case of missing number, whether the reasons are documented with approvals? **NC**

☒ No

Attachments :

QUE48_DOC_20180910_142859.xlsx

Observation Text :

In 37 instances, observed seriality break in the Purchase requisition (PR).

2: Whether all the PR's are converted to PO's and if not whether reasons are documented with approvals? **NC**

☒ No

Attachments :

QUE49_DOC_20180910_143211.xlsx

QUE49_DOC_20180910_143227.xlsx

Observation Text :

14 instances, Purchase requisitions were pending to be closed for a maximum of 89

days as on 19-Jul-18. No reasons & approval were documented.

Delays ranging from 32-73 days in raising the purchase orders from the date of requisition in 22 instances. No reasons & approval were documented.

3: Whether all unwanted PR's are closed at a frequency as defined by the SOP? **NC**

☒ No

Observation Text :

kindly refer to the pending PR annexure of the previous question

4: Are there any new requisitions raised without closing the old requisitions? **NC**

☒ No

Attachments :

QUE51_DOC_20180910_143623.xlsx

Observation Text :

in 2 instances, it was observed that fresh PRs were raised despite pending PRs for the same items as on 19-Jul-18

Chronic

No chronic issues found

Audit Questionnaire

Section: Purchase Function

Subsection: SOP

1: Is the control copy of the departmental SOP available?

☒ Yes

Section: Purchase Function

Subsection: DOA

1: Is the control copy of the departmental DOA available?

☒ Yes

Section: Purchase Function

Subsection: Requirement and Sourcing Plan

1: Is there a requirement plan made separately for Food & beverage and for the Co. as a whole?

☒ Yes

2: Is there an approved budget available and whether the expenses are within the budget?

☒ Yes

3: What is the value of expenses over the budget? ☒ Not Applicable

4: Whether expenses incurred over the budget have the necessary ratification? ☒
Not Applicable

5: Whether the performance evaluation of the existing vendors are done and approvals are available for continuing with the existing vendor before the contract is renewed? **NC**

☒ No

Observation Text :

we were informed during discussion that though existing vendor performance evaluation is not done, the process of evaluation shall be started from this month onwards

Section: Purchase Function

Subsection: Vendor Evaluation

1: Whether the number of quotes as per SOP are taken from the vendors for such value of purchases defined in SOP and a comparative statement is prepared including for those vendors selected through tendering process and whether appropriate reasons are mentioned against selected and rejected vendors and approved by the concerned department?

☒ Yes

2: Whether contracts are entered into with all the selected vendors with applicable clauses incl. debiting them for not supplying the materials for which the unit had to

purchase the material from outside at a higher rate, clause for discounts for early payments? **NC**

☐ No

Observation Text :

As no agreements are available with the unit, the same could not be commented upon.

3: Whether the penalty clauses are adhered to by the unit by debiting the vendors as per the terms of the contract?

☐ Yes

4: Financial impact to be given, if such early payment discounts were not availed? ☒
Not Applicable

5: Is the rate updated in IDS matching with the rate in the contract ?

☐ Yes

6: Are contracts entered with the vendors for items which are procured frequently but with whom the unit has no contract but buying through monthly PO's ? **NC**

☐ No

Attachments :

QUE13_DOC_20180910_135335.xlsx

Observation Text :

The unit goes by PO for purchase of provision / groceries. We observed a differential cost of Rs.41,837 owing to variance in rates of different items across various months as well as in the same month (Comparison period - Apr'18 - June'18)

7: Whether any deposit as per SOP are received from the vendors wherever applicable and accounted separately?

☐ Yes

8: Whether cancelled cheque leaf are obtained from the vendors for confirmation of the bank?

☐ Yes

9: Whether the unit had placed Advertisements in Newspaper for Perishables items and wherever vendors are shortlisted / selected, whether all details like (as per the standard format approved by corporate finance and corporate procurement) by the Purchase HOD - unitwise and recommended by Unit head and the same approved by corporate level as per DOA?

☐ Yes

10: Whether the amount collected towards sale of Tender forms to the vendors have the necessary documents and accounted as either cash receipts or Debited to vendor account?

☐ Yes

11: For all rate revisions from the negotiated / contracted rates, whether appropriate documents with approvals are available? **NC**

☐ No

Observation Text :

As the revised contract rate agreemebt are not sent by corporate, the same could not be commented upon

12: Wherever advances are paid to vendors, whether the same are accounted in the ledgers and upon receipt of goods, service and invoice, whether payment is done after adjusting advance amount?

☐ Yes

Section: Purchase Function

Subsection: Vendor Master

1: Whether Vendor code created for all the new vendors have all the necessary tax registration certificates and other documents as defined by the SOP are collected?

☐ Yes

2: Are there any duplicate codes created for the same vendor and both codes are used for transactions?

☐ Yes

Observation Text :

No such cases

3: Whether such duplicate codes are made passive post identification? ☒ Not Applicable

4: Whenever vendor code creation is only with the HOD - Purchase and whether necessary documentation are available?

☐ Yes

5: Whether vendor master is updated with GST numbers?

☐ Yes

Section: Purchase Function

Subsection: Purchase Orders

1: Whether all the PO's are serially numbered and in case of missing number, whether the reasons are documented with approvals?

☐ Yes

Attachments :

QUE25_DOC_20180910_135933.xlsx

Observation Text :

In 37 instances, observed seriality break in the Purchase requisition (PR).

2: Are there any delay in receipt of materials from expected date mentioned in PO? **NC**

☐ No

Attachments :

QUE26_DOC_20180910_140032.xlsx

Observation Text :

Delay up to 38 days was observed in the receipt of the materials in 30 instances as compared with the expected delivery date mentioned in the PO.

3: Are there any Back dated PO and PO's raised after receipt of goods to be correlated to any delay in authorizing PO? **NC**

☐ No

Attachments :

QUE27_DOC_20180910_140139.xlsx

Observation Text :

In 3 instances, observed that there was a backdated PO in the PO register.

4: Are there any delay in authorizing PO's? ☒ Not Applicable

5: Are there any Pending PO and status to be given and whether the same are closed in frequency as defined by SOP? **NC**

☐ No

Attachments :

QUE29_DOC_20180910_141108.xlsx

Observation Text :

34 purchase orders were pending to be supplied for a maximum of 975days as on 19-Jul-18, Debit balance (advance paid) Rs.3.17Lakhs and credit balance of Rs.9.04lakhs.

6: Are there any rate mis-match between quote and PO and whether approvals are available for the same?

☐ Yes

Attachments :

QUE30_DOC_20180910_141313.xlsx

Observation Text :

Excess cost of Rs.2153 had been incurred owing to purchase of items at rates higher than the contracted rates from the same vendor.

7: If NO, whether the contracted vendors are debited for the extra cost incurred by GPC for purchasing the items outside at excess cost? ☒ Not Applicable

8: Are there instances of Same Material purchased from the same vendor at different prices in same month and same date and whether the vendor is debited for the same?

NC

☐ No

Attachments :

QUE32_DOC_20180910_141829.xlsx

Observation Text :

The unit has procured same product from same vendors at DIFFERENT prices. Due to this, the unit has incurred an excess cost of Rs. 26,369/-.

9: Are there instances of Same material purchased from different vendors at different

prices in same month and same date and whether the vendor is debited for the same?

NC

☐ No

Attachments :

QUE33_DOC_20180910_142022.xlsx

Observation Text :

Same product was procured at DIFFERENT rates from DIFFERENT vendors leading to excess cost of Rs.22,349/-

10: Whether regular follow-ups made with the vendors are documented, if the materials are not supplied within the agreed time as per PO? **NC**

☐ No

11: For any of the cash / emergency purchases, whether the total of such purchases are as per SOP and for excess limit, reasons are documented with appropriate approvals ?

☐ Yes

12: Are there any fresh Purchase Order raised despite a pending Purchase Order ?

NC

☐ No

Attachments :

QUE36_DOC_20180910_142333.xlsx

Observation Text :

In 2 instances, it was observed that fresh POs were raised despite pending POs for the same items as on 27-Jul-18

Section: Purchase Function

Subsection: MSME Classification

1: Whether the unit has the list of vendors covered under MSME Act 2006? **NC**

☐ No

Observation Text :

Though, we were informed that GPC has no such MSME registered vendors, the same could not be confirmed as there no document for the same

2: IF yes, whether all the payments made to them are within the time period agreed upon? ☒ Not Applicable

3: If NO, what is the timeline within which the identification would be done? **NC**

☐ No

Observation Text :

There are no document available for confirming that no vendors are MSME registered. We recommend the unit takes a declaration from the vendors themselves

Section: Purchase Function

Subsection: Others

1: Every month Market Survey Report compiled for perishable & Non - perishable items?

☒ Yes

2: Sample Register for materials purchased from new vendors maintained?

☒ Yes

3: Vendor Audit report for New vendors selected are made?

☒ Yes

4: Purchase committee meeting minutes maintained?

☒ Yes

5: Physical Imprest cash verification to be done , variance and delays in settling IOU's if any to reported

☒ Yes

6: Supplier satisfaction survey report compiled? (Quarterly Report) **NC**

☒ No

7: Supplier Grievance report sent to Unit head & Corporate office fort nightly?

☒ Yes

Section: Purchase Function

Subsection: Purchase Requisitions

1: Whether all the Purchase requisitions made are approved by the user department head

☒ Yes

2: Whether all the PR's are serially numbered and in case of missing number, whether the reasons are documented with approvals? **NC**

☒ No

Attachments :

QUE48_DOC_20180910_142859.xlsx

Observation Text :

In 37 instances, observed seriality break in the Purchase requisition (PR).

3: Whether all the PR's are converted to PO's and if not whether reasons are documented with approvals? **NC**

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