

Audit Report for Audit ID - AU00489-1

VA-Human Resources Function


Audit Score

79/100

Details

Audit	AU00489
Scheduled Audit	AU00489-1
Location	Hyderabad
Hotel	AVASA Hotel
Department	Human Resources
Checklist	VA-Human Resources Function
Audit Type	External
Auditor	Saritha C
Start Date	30-04-2019
End Date	06-05-2019
Submitted Date	03-05-2019
Status	Completed
Assigned By	Administrator Account
Non-Compliance	11
Chronic Issues	0

Comparison

AVASA HOTEL VA-HUMAN RESOURCES FUNCTION				
VA-HUMAN RESOURCES FUNCTION		Apr 2019	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED		
1	HR Functions	79	-	-
Audit Score		 79	-	-

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

Non-Compliance

Section: HR Functions

Subsection: Recruitment

1: Whether Resume, ID proof, photo, interview evaluation sheet, educational certificates, last drawn pay slip, experience certificate, relieving letter, medical fitness certificates are obtained and documented for all the employees and new recruits? Are there any age limit specified for all the new joiners as per SOP and the same is followed? If not, whether approvals taken for deviation? **NC**

Rating: 7

Attachments :

QUE1_DOC_20190430_175024.xlsx

QUE1_DOC_20190430_175027.xlsx

Observation Text :

a) Discrepancies in maintaining / obtaining the necessary documents from the new joiners, in 20 instances. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees) b) As per SOP - Age limits : Age Staff Cadre : less than 25 years, Supervisory Cadre : less than 27 years, Executive Cadre : less than 30 years, Asst. Manager Cadre : less than 32 years, Dy. Manager Cadre : less than 35 years and H o D Level : less than 40 years Observation: As per SOP, age limit for the employees were crossed in 3 instances. Age Relaxation form not available for the given instances, which will be forwarded for approval to corporate. (Sample Size : April '18 to Jan '19) Response:- will provide the approval copy.

2: Whether the pathology laboratory is NABL accredited and whether Medical fitness certificates are signed by referring to the RMP No. of the Practitioner? **NC**

Rating: 7

Attachments :

QUE7_DOC_20190430_175112.xlsx

Observation Text :

In 5 instances, medical certificates were not collected further observed that 2 employees were working in F & B Production Department. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees) Response:- Will Collect the same

3: Whether employees complete details are updated in Employee master database? Are there any names and or photos of left Employees appearing in the "INTRANET"? **NC**

Rating: 7

Attachments :

QUE8_DOC_20190430_175316.xlsx

Observation Text :

For Regular -38 Employees and FTC - 224 employees their respective ESIC, PF and Bank account numbers were not updated in the employee master file. (Sample Size : 265 Employees) Response:- Will update the same in Master file

Section: HR Functions

Subsection: Payroll expenses

1: Whether Provident Fund contribution (both) are done accurately as per the statute mentioned rates and statute mentioned components of salary? **NC**

Rating: 7

Attachments :

QUE10_DOC_20190430_180145.xlsx

Observation Text :

A. PF Contribution has been given for the employees, which are not in the paysheet for Dec '18 and not available in left employees list. B. PF was deducted for the employees but the employer contribution not provided. (Sample Size: Apr'18 to Dec '18) Response:- will check.

2: Whether unpaid salaries are transferred to Labour welfare fund at the end of 3 years?

NC

Rating: 0

Attachments :

QUE17_DOC_20190430_180247.xlsx

Observation Text :

Back Ground Info: As per Section 8 of TELANGANA LABOUR WELFARE FUND ACT 1987, all the unclaimed wages shall be deemed to be abandoned property and shall be transferred to the control and administration of board and shall vest in the Board. Where 'Board' means Telangana Labour Welfare Board established under Section 4 Observation : Unit is transferring all the unpaid wages and service charges to 'PROVISIONS OR LIABILITIES WRITTEN BACK' account and realizing the same as income at the end of 3 years instead of transferring the same to 'Labour welfare Fund' Account. Response:- will discuss with corporate

3: Whether Gratuity is paid only for those employees who were in continuous service with the company for a period of 5 years? **NC**

Rating: 0

Attachments :

QUE22_DOC_20190430_180329.xlsx

Observation Text :

In 3 instances, gratuity forms and payment details were not available for verification. Response: Documents available at Corporate. (Sample Size: April '18 to Jan '19)

4: Whether F & F settlements like - adjustments towards advances taken, No due certificate, Exit interview, access rights removal, thumb identification removal are done?

NC

Rating: 7

Attachments :

QUE29_DOC_20190430_180407.xlsx

Observation Text :

Discrepancies in collecting the documents or maintaining the same from the exit employees in a few of instances. (Sample Size: Apr'18 to Jan'19 - 40/188 Employees)

Section: HR Functions

Subsection: Attendance & Leave

1: Whether the departmental register is updated for those whose finger prints are not registered and validated by the HOD's every day for their presence and absence? **NC**

Rating: 7

Attachments :

G1-

DISCREPANCIESINEMPLOYEECONTRACTATTENDANCEREGISTERSAND
PAYSHEET_20190503_163558.xlsx

G2-

DISCREPANCIESINEMPLOYERPF&ESICONTRIBUTIONS_20190503_163607
.xlsx

Observation Text :

On verification of Departmental Employee Attendance Register with the Paysheet for the payments made to the employees for the month of Dec '19, the following were observed : A. 4 employee names were not available in the KST attendance register but the same available in the paysheet and the same paid to the Contractor. In an instance, Employee name available in the attendance register and the same not reflecting in the paysheet. B. Provident Fund and ESI contribution amounting to Rs.8719/- and Rs.8339/- has been paid by the unit to the vendor, but the same was not remitted by the vendor.. (Sample Size: 40 / 40 Employees for Dec '18)

Response:- Will intimate to Vendor and regarding employees will verify.

2: Whether the payroll attendance and bio-metric and departmental attendance register matches? **NC**

Rating: 7

Attachments :

QUE33_DOC_20190430_180859.xlsx

Observation Text :

Individual wise attendance was verified with the NDS sheet, observed that leaves updated as per NDS and as per attendance not matching for the month of Jan '19.

3: Whether all the leaves taken are approved prior? **NC**

Rating: 0

Attachments :

QUE35_DOC_20190430_181035.xlsx

Observation Text :

Leaves reports cannot be generated from the HRMS Software for the details of leave application, leave approval, leave availed etc and for the same no manual data is maintained. It was observed that there is delay in applying the leave in HRMS ranging from 6 to 286 days as on 06-Mar-19. Response:- will update the same.

Section: HR Functions

Subsection: Contracts & Payments

1: Whether agreement is entered into with the manpower agencies are up to date and signed by all the parties with adequate terms and conditions? And the payments made as per agreed rates ? **NC**

Rating: 7

Observation Text :

On verification of Manpower Recrutiments Agencies agreements as on 06-Mar-18, the following were observed : a. The agreement with SB Infra and facilities was expired on 31-May-18. However the process for renewal was applied by the unit. Payment of Rs.46.76 Lakhs done after the expiry of agreement. (Sample Size: 06-03-19). b. The agreement with La Mclean India Pvt Ltd. was expired on 28-02-19. However the process for renewal was applied by the unit. Payment of Rs.6.10 Lakhs done after the expiry of agreement. Response:-Under DMS approval 28-12-2018

Chronic

No chronic issues found

Audit Questionnaire

Section: HR Functions

Subsection: Recruitment

1: Whether Resume, ID proof, photo, interview evaluation sheet, educational certificates, last drawn pay slip, experience certificate, relieving letter, medical fitness certificates are obtained and documented for all the employees and new recruits? Are there any age limit specified for all the new joiners as per SOP and the same is followed? If not, whether approvals taken for deviation? **NC**

Rating: 7

Attachments :

QUE1_DOC_20190430_175024.xlsx

QUE1_DOC_20190430_175027.xlsx

Observation Text :

a) Discrepancies in maintaining / obtaining the necessary documents from the new joiners, in 20 instances. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees) b) As per SOP - Age limits : Age Staff Cadre : less than 25 years, Supervisory Cadre : less than 27 years, Executive Cadre : less than 30 years, Asst. Manager Cadre : less than 32 years, Dy. Manager Cadre : less than 35 years and H o D Level : less than 40 years Observation: As per SOP, age limit for the employees were crossed in 3 instances. Age Relaxation form not available for the given instances, which will be forwarded for approval to corporate. (Sample Size : April '18 to Jan '19) Response:- will provide the approval copy.

2: Whether for all the recruits, interview assessment form is attached with all the required fields and comments filled up?

Rating: 8

Observation Text :

Satisfactory. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees)

3: Whether proper and adequate background checks are carried out either in-house or through an appointed agent / vendor and acted upon?

Rating: 8

Observation Text :

Satisfactory. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees)

4: Are there surprise checks carried out by the department by verifying the credentials report given by the agent / vendor?

Rating: 8

Observation Text :

Satisfactory

5: Whether vendor performance is done on an yearly basis and then only renewal is undertaken?

Rating: 8

Observation Text :

Satisfactory.

6: Whether the background checks are undertaken prior to the employee joining?

Rating: 8

Observation Text :

Satisfactory. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees)

7: Whether the pathology laboratory is NABL accredited and whether Medical fitness certificates are signed by referring to the RMP No. of the Practitioner? **NC**

Rating: 7

Attachments :

QUE7_DOC_20190430_175112.xlsx

Observation Text :

In 5 instances, medical certificates were not collected further observed that 2 employees were working in F & B Production Department. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees) Response:- Will Collect the same

8: Whether employees complete details are updated in Employee master database? Are there any names and or photos of left Employees appearing in the "INTRANET"? **NC**

Rating: 7

Attachments :

QUE8_DOC_20190430_175316.xlsx

Observation Text :

For Regular -38 Employees and FTC - 224 employees their respective ESIC, PF and Bank account numbers were not updated in the employee master file. (Sample Size : 265 Employees) Response:- Will update the same in Master file

Section: HR Functions

Subsection: Payroll expenses

1: Whether all the salaries are paid through cheque or bank transfer?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Jan '19 - 265 Employees)

2: Whether Provident Fund contribution (both) are done accurately as per the statute mentioned rates and statute mentioned components of salary? **NC**

Rating: 7

Attachments :

QUE10_DOC_20190430_180145.xlsx

Observation Text :

A. PF Contribution has been given for the employees, which are not in the paysheet for Dec '18 and not available in left employees list. B. PF was deducted for the employees but the employer contribution not provided. (Sample Size: Apr'18 to Dec '18) Response:- will check.

3: Whether ESI contribution (both) are done accurately as per the statute mentioned

rates and statute mentioned components of salary?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Apr'18 to Dec '18)

4: Whether professional tax deductions are done accurately as per the statute mentioned rates and statute mentioned components of salary?

Rating: 9

Attachments :

QUE12_DOC_20190430_180215.xlsx

Observation Text :

In an Instance ,Professional Tax was not deducted the Salary Above RS.15000/-, amounting to Rs250/- (Sample Size: Apr'18 to Jan'19) Response:- will check.

5: Whether all the taxes payable and paid matches with the respective ledger entries?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Apr'18 to Dec '18)

6: If salary is paid through cash, proper acknowledgements are obtained from the employees and no cash payments are done exceeding Rs.10,000 / day with prior approvals?

Rating: 9

Observation Text :

Satisfactory

7: Whether salary is paid as per offer letter only and wherever changes are made whether proper approvals are available?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Jan '19 - 265 Employees)

8: Whether the salary paid to employees as per bank communication and pay roll matches to confirm no payments are made to ghost employees?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Jan '19 - 265 Employees)

9: Whether unpaid salaries are transferred to Labour welfare fund at the end of 3 years?

NC

Rating: 0

Attachments :

QUE17_DOC_20190430_180247.xlsx

Observation Text :

Back Ground Info: As per Section 8 of TELANGANA LABOUR WELFARE FUND ACT 1987, all the unclaimed wages shall be deemed to be abandoned property and

shall be transferred to the control and administration of board and shall vest in the Board. Where 'Board' means Telangana Labour Welfare Board established under Section 4 Observation : Unit is transferring all the unpaid wages and service charges to 'PROVISIONS OR LIABILITIES WRITTEN BACK' account and realizing the same as income at the end of 3 years instead of transferring the same to 'Labour welfare Fund' Account. Response:- will discuss with corporate

10: Whether Leave encashment provision and gratuity are as per Actuarial valuation received every year?

Rating: 9

Observation Text :
Satisfactory

11: Whether the inclusions and exclusions are communicated to the insurance companies for update to the coverage in Gratuity scheme?

Rating: 9

Observation Text :
Satisfactory

12: Whether endorsement letters are obtained from LIC are the inclusions and exclusions?

Rating: 9

Observation Text :
Satisfactory

13: Whether tracker is maintained for assets of the company given to employees till their period of service with the company and dues for the same, wherever applicable are deducted accurately from their monthly salary?

Rating: 9

Observation Text :
Verified the No Due Certificates of the left employees from all the HODs and found to be in order.

14: Whether Gratuity is paid only for those employees who were in continuous service with the company for a period of 5 years? **NC**

Rating: 0

Attachments :

QUE22_DOC_20190430_180329.xlsx

Observation Text :
In 3 instances, gratuity forms and payment details were not available for verification.
Response: Documents available at Corporate. (Sample Size: April '18 to Jan '19)

15: Whether the inclusions and exclusions are communicated to the insurance companies for update to the coverage in the Group mediclaim policy?

Rating: 9

Observation Text :
Satisfactory

16: Whether LIC premium dues are paid on time towards Gratuity scheme and documented?

Rating: 9

Observation Text :

Satisfactory

17: Whether all the loans and advances are made and deducted as per the SOP?

Rating: 9

Observation Text :

Satisfactory (Sample Size : April '18 to 16-Feb-19)

18: Whether notice pay has been recovered for those who did not serve the notice period and if NOT, whether proper waiver approvals are obtained as per SOP?

Rating: 9

Observation Text :

Satisfactory

19: Whether payment of bonus is as per the provisions of the bonus act?

Rating: 9

Observation Text :

Satisfactory , Paid in Oct '18 month

20: Whether the increments are effected only from the applicable month as per offer / revision letter and incase of discrepancy approvals are obtained and payments made are adjusted accordingly?

Rating: 9

Observation Text :

Satisfactory

21: Whether F & F settlements like - adjustments towards advances taken, No due certificate, Exit interview, access rights removal, thumb identification removal are done?

NC

Rating: 7

Attachments :

QUE29_DOC_20190430_180407.xlsx

Observation Text :

Discrepancies in collecting the documents or maintaining the same from the exit employees in a few of instances. (Sample Size: Apr'18 to Jan'19 - 40/188 Employees)

22: Whether all the statutory remittances - PF, ESI, Labour welfare fund remittances are done within the due date?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Apr'18 to Dec '18)

Section: HR Functions**Subsection: Attendance & Leave**

1: Whether all the employees on roll registered their finger prints in the bio-metric device?

Rating: 9

Observation Text :

Satisfactory (Sample Size :265 /265 Employees -Jan '19)

2: Whether the departmental register is updated for those whose finger prints are not registered and validated by the HOD's every day for their presence and absence? **NC**

Rating: 7

Attachments :

G1-

DISCREPANCIESINEMPLOYEESCONTRACTATTENDANCEREGISTERSAND
PAYSHEET_20190503_163558.xlsx

G2-

DISCREPANCIESINEMPLOYERPF&ESICONTRIBUTIONS_20190503_163607
.xlsx

Observation Text :

On verification of Departmental Employee Attendance Register with the Paysheet for the payments made to the employees for the month of Dec '19, the following were observed : A. 4 employee names were not available in the KST attendance register but the same available in the paysheet and the same paid to the Contractor. In an instance, Employee name available in the attendance register and the same not reflecting in the paysheet. B. Provident Fund and ESI contribution amounting to Rs.8719/- and Rs.8339/- has been paid by the unit to the vendor, but the same was not remitted by the vendor.. (Sample Size: 40 / 40 Employees for Dec '18)

Response:- Will intimate to Vendor and regarding employees will verify.

3: Whether the payroll attendance and bio-metric and departmental attendance register matches? **NC**

Rating: 7

Attachments :

QUE33_DOC_20190430_180859.xlsx

Observation Text :

Individual wise attendance was verified with the NDS sheet, observed that leaves updated as per NDS and as per attendance not matching for the month of Jan '19.

4: Whether the newly joined and exit employees list are accurately prepared and paid for only the worked days? If NOT, whether the excess or short paid days are adjusted in the subsequent month / months?

Rating: 9

Observation Text :

Satisfactory (Sample Size :265 /265 Employees -Jan '19)

5: Whether all the leaves taken are approved prior? **NC**

Rating: 0

Attachments :

QUE35_DOC_20190430_181035.xlsx

Observation Text :

Leaves reports cannot be generated from the HRMS Software for the details of leave application, leave approval, leave availed etc and for the same no manual data is maintained. It was observed that there is delay in applying the leave in HRMS ranging from 6 to 286 days as on 06-Mar-19. Response:- will update the same.

6: Whether all the leave credits - carry forward, leave credit for the year comply with the SOP?

Rating: 8

Attachments :

QUE36_DOC_20190430_181108.xlsx

Observation Text :

As per policy: Sick leave " 45 days" and Earned leave " 90 days" credit to be carry forward. Observation: In 3 instances, Excess leave credit was carry forwarded. (Sample Size: 100% for all Employees) Response:- will update in software

Section: HR Functions

Subsection: Reimbursements

1: Whether LTA and medical reimbursements are done against proper submission of proofs?

Rating: 9

Observation Text :

Satisfactory

2: Whether the service charges and tips, if any collected are distributed as per SOP?

Rating: 9

Observation Text :

Satisfactory

Section: HR Functions

Subsection: Training

1: Are proper training given to the new recruits and have they understood their roles and responsibilities clearly?

Rating: 8

Observation Text :

Satisfactory. (Sample Size: Apr'18 to Jan'18 - 45/207 Employees)

2: Are there training programmes conducted whenever there are any new amendments to various applicable acts to the company

Rating: 8

Observation Text :

Satisfactory

3: whether any training programmes / orientation conducted whenever there are inter-

department as well as intra-department transfers of employees?

Rating: 8

Observation Text :

Satisfactory

Section: HR Functions

Subsection: Departmental Budget

1: Is there a manpower forecast done both in terms of number of personnel required and expenses to be incurred and approved by the management and deviations, if any are approved?

Rating: 8

Observation Text :

Satisfactory

2: Analysis on Cafeteria expenses to be done and inferences to be given.

Rating: 8

Attachments :

QUE43_DOC_20190430_180542.xlsx

Observation Text :

Cafeteria Budgeted expenses is Rs.5.50 Lakhs per month. On verifying the expenses of the cafeteria, observed that the actual expenses has crossed the budgeted by Rs.3.13 Lakhs. (Sample Size: Apr'18 to Jan'19)

Section: HR Functions

Subsection: Others

1: Whether In / Out Time mentioned on the Gate Passes at Security Department for the permission of Employees going out ?

Rating: 9

Observation Text :

Satisfactory (Sample Size: Feb '19)

Section: HR Functions

Subsection: Contracts & Payments

1: Whether agreement is entered into with the recruitment agencies are up to date and signed by all the parties and with adequate terms and conditions? And the payments made as per agreed rates ?

Rating: 9

Observation Text :

No recruitments were done through recruitment agencies

2: Is there a policy for employee referral and whether employee referral fee properly paid as per the company policy?

Rating: 9

Observation Text :

No such policy followed

3: Whether agreement is entered into with the manpower agencies are up to date and signed by all the parties with adequate terms and conditions? And the payments made as per agreed rates ? **NC**

Rating: 7

Observation Text :

On verification of Manpower Recrutiments Agencies agreements as on 06-Mar-18, the following were observed : a. The agreement with SB Infra and facilities was expired on 31-May-18. However the process for renewal was applied by the unit. Payment of Rs.46.76 Lakhs done after the expiry of agreement. (Sample Size: 06-03-19). b. The agreement with La Mclean India Pvt Ltd. was expired on 28-02-19. However the process for renewal was applied by the unit. Payment of Rs.6.10 Lakhs done after the expiry of agreement. Response:-Under DMS approval 28-12-2018

4: Whether agreement is entered into with the Background employee verification are up to date and signed by all the parties with adequate terms and conditions? And the payments made as per agreed rates ?

Rating: 9

Observation Text :

Satisfactory

Section: HR Functions

Subsection: IT Control

1: Whether the user Id and bio-metric access are being deactivated on the date of exit of the employees?

Rating: 9

Observation Text :

Satisfactory