Audit Report for Audit ID - AU00344-1

VA- Engineering

Audit Score

87/100

Details

Audit	AU00344
Scheduled Audit	AU00344-1
Location	Hyderabad
Hotel	Marigold Hotel
Department	Engineering
Checklist	VA- Engineering
Audit Type	External
Auditor	Saritha C
Start Date	20-12-2018
End Date	28-12-2018
Submitted Date	24-12-2018
Status	Completed
Assigned By	Administrator Account
Non-Compliance	8
Chronic Issues	0

Comparison

	MARIGOLD HOTEL VA- ENGINEERING		
VA- ENGINEERING		Dec 2018	**VARIANCE**	**% of Increase / Decrease (-/ +)**

S.No	Sections	SCORE OBTAINED		
1	Maintenance	83	-	-
2	Annual Maintenance Contracts	90	-	-
Audit Score		🟢 87	-	-

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

Non-Compliance

Section: Maintenance
Subsection: Purchase Planning

1: Is there a process for determining the requirement (purpose and quantum) for purchase of engineering items along with the budget, whether the expenses are above or below the budget and necessary approvals are taken when the actuals are above the budget? **NC**

   Rating: 7
   Attachments :
     PURPOSENOTMENTIONEDWHILERAISINGPR_20181224_131537.xls

   Observation Text :
   No procedure as such, of defining the purpose and quantum for purchase of engineering items except raising requisition with quantity and purpose mentioned in it. (Sample Size- NA) The purpose is mentioned under Remark column while raising the Purchase Requisition. However in 397 instances, Purpose for procuring the material was not mentioned. (Sample Size- 438 of 438 PRs) Response: Only yearly budget is available without purpose and quantum. And from now on we will mention purpose in IDS while raising PRs.

Section: Maintenance
Subsection: Preventive Maintenance

1: Are the critical machines/equipment parts been identified as "Critical", "Essential" & "Desirable" and documented at the Engg. Dept.? **NC**
   Rating: 7

   Observation Text :
   Unit did not identify the the critical machines and equipment parts as no documentation was available. (Sample Size- NA) Response: We have identified a few critical spares and the same are available in the stores. Will make a list of it.

2: If critical spares are kept in store as a stand by how is it ensured that the spare is in working condition .i.e. is it tested at regular intervals for workability? **NC**
   Rating: 7

   Observation Text :
   The critical spare parts are not tested at regular intervals. (Sample Size- NA) Response: Critical spares are mostly fast moving. We raise indent and check the material before using the same.

3: Are there any under usage or over usage of any particular equipment? **NC**
   Rating: 7

   Observation Text :
   No practice of monitoring the underusage/over usage of equipments. (Sample Size- NA)

Section: Maintenance

Subsection: Inventory Controls

1: Status of slow-moving and or non-moving goods to be given?   **NC**
    Rating: 7
Attachments :
    NONMOVINGITEMSPROCURED_20181224_144657.xls

Observation Text :
The department did not identify the the slow moving and dead stocks as no documentation was available for the same. (Sample Size- NA) The availablity of item is first verified at the stores before raising a PR. However in 6 instances, Non moving items were procured additionally by the unit valuing Rs.6416/-. (Sample Size- Apr'18 to Nov'18) Response: During month end verification the same are identified.

2: Whether stock levels are fixed for engineering items?   **NC**
    Rating: 5

Observation Text :
No minimum stock is defined for maintenance items. Hence the same could not be commented upon. (Sample Size- NA) Response: Will talk to IT and finance and define the minimum stock.

Section: Maintenance
Subsection: Repairs & Maintenance

1: Does the dept. have the practice of preparing commercial/Technical evaluation for the quotations received for outsourcing the jobs at Projects?   **NC**
    Rating: 5
Attachments :
    COMMERCIALTECHNICALEVALUATIONNOTDONE_20181224_135048.xls

Observation Text :
Commercial technical evaluation is not done as only one quotation was obtained for jobs pertaining to Projects. 24 Project Jobs with value more than Rs.10,000/- has been reported with value Rs.6.62 Lakh. (Sample Size- Apr'18 to Nov'18) Response: Response given in annexure.

2: Is there any delay in completion of jobs?   **NC**
    Rating: 7

Observation Text :
No practice of mentioning expected date of completion of the job on the Job Orders. 148 Jos were raised for the audit period. (Sample Size- NA) Response: Vendor negotiation is done and when the bill is submitted, Then the JO is raised as per the practice. All these are regular vendors.

Chronic

No chronic issues found

Audit Questionnaire

Section: Maintenance
Subsection: Purchase Planning

1: Is there a process for determining the requirement (purpose and quantum) for purchase of engineering items along with the budget, whether the expenses are above or below the budget and necessary approvals are taken when the actuals are above the budget? **NC**

    Rating: 7
    Attachments :
       PURPOSENOTMENTIONEDWHILERAISINGPR_20181224_131537.xls

    Observation Text :
    No procedure as such, of defining the purpose and quantum for purchase of engineering items except raising requisition with quantity and purpose mentioned in it. (Sample Size- NA) The purpose is mentioned under Remark column while raising the Purchase Requisition. However in 397 instances, Purpose for procuring the material was not mentioned. (Sample Size- 438 of 438 PRs) Response: Only yearly budget is available without purpose and quantum. And from now on we will mention purpose in IDS while raising PRs.

2: 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?

    Rating: 9

    Observation Text :
    Found to be satisfactory. (Sample Size- Apr'18 to Nov'18)

3: Are quantity and rate entered in the purchase requisition is accurate?
    Rating: 9

    Observation Text :
    Found to be satisfactory. (Sample Size- Oct'18 to Nov'18)

4: Do all the purchase requisitions are authorized by the concerned as per policy?
    Rating: 8
    Attachments :
       PRSNOTAUTHORIZED_20181224_133224.xls

    Observation Text :
    In 74 instances, Purchase Requisition was not authorized against which material was receivced through PO or Direct Mode. (Sample Size: Apr'18 to Nov'18)

5: Is there any long pending purchase requisitions & purchase orders?
    Rating: 8
    Attachments :
       PENDINGPRSASON23-11-18_20181224_133359.xls
       PENDINGPOSASON23-11-18_20181224_144457.xls

Observation Text :
In 32 instances, Pos were pending to be closed with delay upto 86 days amounting
to Rs.3.36 Lakh. (Sample Size: As on 23-11-18) Also no clause in the PO for the
delay in the delivering the material as per PO. In 39 instances, PRs were pending to
be closed delay upto 130 days. (Sample Size: As on 23-11-18) Response: We are
closing the Pos and PRs on a regular basis. Missed out a few. Will close them.

6:   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?   ☑
Not Applicable

7:   Are there any fresh PR & PO raised against old pending purchase requisitions &
purchase orders?
      Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size: Apr'18 to Nov'18)

Section: Maintenance
Subsection: Preventive Maintenance

1:   Is there a preventive maintenance schedule drawn for the equipment's available at the
unit?
      Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size- NA)

2:   Are the critical machines/equipment parts been identified as "Critical", "Essential" &
"Desirable" and documented at the Engg. Dept.?   **NC**
      Rating: 7

Observation Text :
Unit did not identify the the critical machines and equipment parts as no
documentation was available. (Sample Size- NA) Response: We have identified a
few critical spares and the same are available in the stores. Will make a list of it.

3:   If critical spares are kept in store as a stand by how is it ensured that the spare is in
working condition .i.e. is it tested at regular intervals for workability?   **NC**
      Rating: 7

Observation Text :
The critical spare parts are not tested at regular intervals. (Sample Size- NA)
Response: Critical spares are mostly fast moving. We raise indent and check the
material before using the same.

4:   Is there a logbook maintained for breakdowns reported and the time within which the
breakdowns are serviced?
      Rating: 9

Observation Text :
Documentation is maintained and the same is reported in MIS. (Sample Size- As on
23-11-18)

5:   Are there any under usage or over usage of any particular equipment?   **NC**
   Rating: 7

   Observation Text :
   No practice of monitoring the underusage/over usage of equipments. (Sample Size-NA)

Section: Maintenance
Subsection: Inventory Controls

1:   Do the dept. conduct random stock verification process at regular intervals?
   Rating: 8

   Observation Text :
   No practice of conducting random stock take at regular intervals. (Sample Size- NA)
   Response: 100% stock take is done on a monthly basis.

2:   Whether approvals are taken for variance (short / excess), documented and action taken for the variance derived?
   Rating: 9

   Observation Text :
   Month end inventory sheets with approvals were verified and found to be satisfactory. (Sample Size- Apr'18 to Nov'18)

3:   Status of slow-moving and or non-moving goods to be given?   **NC**
   Rating: 7
   Attachments :
      NONMOVINGITEMSPROCURED_20181224_144657.xls

   Observation Text :
   The department did not identify the the slow moving and dead stocks as no documentation was available for the same. (Sample Size- NA) The availablity of item is first verified at the stores before raising a PR. However in 6 instances, Non moving items were procured additionally by the unit valuing Rs.6416/-. (Sample Size- Apr'18 to Nov'18) Response: During month end verification the same are identified.

4:   Whether all the materials issued from stores have proper indents signed by both the receiver and the issuer?
   Rating: 9

   Observation Text :
   Indents are signed by both receiver and issuer and found to be satisfactory. (Sample Size- Nov'18)

5:   Physical verification to be done and variances to be reported
   Rating: 9

   Observation Text :
   Verified and found satisfactory.

6:   Whether stock levels are fixed for engineering items?   **NC**
   Rating: 5

Observation Text :
No minimum stock is defined for maintenance items. Hence the same could not be commented upon. (Sample Size- NA) Response: Will talk to IT and finance and define the minimum stock.

Section: Maintenance
Subsection: Power & Fuel Consumption

1: Do the dept. review the diesel log book for all the DG Sets on a daily basis?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- Sep'18 to Nov'18)

2: Do the dept. validate the EB bills with latest revised rates?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- NA)

3: Whether the diesel consumption are analyzed on a monthly basis and findings shared with all the concerned for any abnormal deviations on a monthly basis?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- NA)

4: Whether the gas consumption are analyzed on a monthly basis and findings shared with all the concerned for any abnormal deviations?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- NA)

5: Is there a process of verifying the power shut down timings with DG working timings?

   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- Sep'18 to Nov'18)

6: Do the dept. monitor the usage controls of air conditioners, water heaters, computers, lifts, lights & fans?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- NA)

7: Is there a process of updating the readings of WTP (Water Treatment Plant) , STP (Sewage Treatment Plant), AHU (Air Handling Unit), FCU (Fan Coiling Unit), Boiler regularly or not?
   Rating: 9

   Observation Text :

Registers are maintained and updated regularly. (Sample Size- NA)

Section: Maintenance
Subsection: Repairs & Maintenance

1: Does the dept. have the practice of preparing commercial/Technical evaluation for the quotations received for outsourcing the jobs at Projects?   **NC**
  Rating: 5
  Attachments :
  COMMERCIALTECHNICALEVALUATIONNOTDONE_20181224_135048.xls

  Observation Text :
  Commercial technical evaluation is not done as only one quotation was obtained for jobs pertaining to Projects. 24 Project Jobs with value more than Rs.10,000/- has been reported with value Rs.6.62 Lakh. (Sample Size- Apr'18 to Nov'18) Response: Response given in annexure.

2: Are there any delay in raising job order?
  Rating: 8
  Attachments :
  DELAYINRAISINGJO_20181224_135131.xls

  Observation Text :
  Delay ranging from 3 to 23 days was observed in raising the JO against the completion date. (Sample Size- Apr'18 to Nov'18) Response: Vendor negotiation is done and when the bill is submitted, Then the JO is raised as per the practice. All these are regular vendors.

3: Do all the Job orders are authorised or not?
  Rating: 9

  Observation Text :
  Found to be satisfactory. (Sample Size- Apr'18 to Nov'18)

4: Do the dept. collect Job completion certificates for the jobs completed?
  Rating: 8
  Attachments :
  JOBCOMPLETIONCERTIFICATESNOTOBTAINED_20181224_135313.xls

  Observation Text :
  Unit does not have practice of obtaining Job completion certificates after the completion of work. 15 Engineering Jobs with value more than Rs.10,000/- has been reported. with value Rs.3.19 Lakh. (Sample Size- Apr'18 to Nov'18) Response: Bill is submitted by the vendor and the same is certified by user department, Finance, Engineering and GM.

5: Is there any delay in completion of jobs?   **NC**
  Rating: 7

  Observation Text :
  No practice of mentioning expected date of completion of the job on the Job Orders. 148 Jos were raised for the audit period. (Sample Size- NA) Response: Vendor negotiation is done and when the bill is submitted, Then the JO is raised as per the

practice. All these are regular vendors.

6: Are RGPs accompanying with materials sent outside for repairing purpose?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- Sep'18 to Nov'18)

7: Do all such RGPs are authorized by the concerned or not?
   Rating: 9

   Observation Text :
   Found to be satisfactory. (Sample Size- Sep'18 to Nov'18)

8: Do the dept. analyse the long pending RGPs and action plan taken or not?
   Rating: 8
   Attachments :
      PENDINGRGPSASON22-11-18_20181224_135601.xls

   Observation Text :
   The department does not analyze and take action on the long pending
   RGPs.(Sample Size- NA) In 7 instances, Material sent outside were pending to be
   received upto 624 days. (Sample Size- As on 22-11-18) Response: Will discuss and
   close the same.

9: Is there any abnormal delay in receiving materials sent for repair from the vendor ?
   Rating: 9

10: Whether any machines/equipment's hired from outside vendor during the delayed
period?
   Rating: 9

   Observation Text :
   No such cases found. (Sample Size- NA)

11: Are the hired equipment's/machines from the same vendor who has already taken
the hotel's assets for repairing purpose?
   Rating: 9

   Observation Text :
   No such cases found. (Sample Size- NA)

Section: Maintenance
Subsection: Others

1: Is there a process to ensure that every room undergoes "KEN-FIX" once in a year as
per policy?
   Rating: 9

   Observation Text :
   Process is available and found to be satisfactory. (Sample Size- NA)

2: Is there any abnormal delay in releasing the rooms after KEN-FIX activity completed?

Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size: Apr'18 to Nov'18)

3:   Whether the unit has installed EYE WASH UNITS near laundry chemical storage area?
Rating: 9

Observation Text :
Found to be satisfactory

Section: Annual Maintenance Contracts
Subsection: AMC

1:   Are all the services under AMCs availed as per the frequencies and terms of contracts?
Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size- 100% AMCs)

2:   Are AMCs for equipment's available at Engineering dept. and for HK equipment's?
Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size- 100% AMCs)

3:   Do the dept. verify the mandatory clauses i.e. price, period and equipment covered and payments are made based on the service certificate?
Rating: 9

Observation Text :
Found to be satisfactory. (Sample Size- 100% AMCs)