

Audit Report for Audit ID - AU00155-2

VA-Finance Audit

Audit Score

85/100

Details

Audit	AU00155
Scheduled Audit	AU00155-2
Location	Hyderabad
Hotel	Marigold Hotel
Department	VA-Finance & Accounts
Checklist	VA-Finance Audit
Audit Type	External
Auditor	Saritha C
Start Date	24-11-2018
End Date	30-11-2018
Submitted Date	26-11-2018
Status	Completed
Assigned By	Administrator Account
Non-Compliance	13
Chronic Issues	5

Comparison

MARIGOLD HOTEL VA-FINANCE AUDIT					
VA-FINANCE AUDIT		Jun 2018	Nov 2018	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED	SCORE OBTAINED		
1	Vouching and General Ledger Review	90	85	-5	-5.56%
Audit Score		● 90	● 85	-5	-5.56%

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

Non-Compliance

Section: Vouching and General Ledger Review

Subsection: Vouching - Cash payments

1: Audit trail / trial report to be analysed and reported for deviations observed **NC**

Rating: 7

Attachments :

4-

BACKDATEDMODIFICATIONOFCASHPAYMENTSINIDSFROMUNAUTHORISEDUSERIDs_20181126_115232.xlsx

9a-

BACKDATEDMODIFICATIONOFENTRIESINIDSFROMUNAUTHORISEDUSERIDs_20181126_115257.xlsx

4a-INADEQUATECUSTOMIZATIONOFIDS_20181126_115316.xlsx

Observation Text :

"a) In 13 instances Backdated or Modification of Cash Payments amounting to Rs.12,969/-, in IDS from the user IDs irrespective of designation was observed. (SAMPLE SIZE-489/489 VOUCHERS) Note: (Audit Trial Report-Showing only cash transactions backdated entries by UFC & Dy-Mgrs) In a solitary instance, Transaction Type was wrongly selected in IDS for accounting expense of Rs.100/-. Note: No financial impact. b) Backdated bank payment entries or modification of entries in IDS from unauthorized user IDs was observed in 2052 instances with delay of 4-161 days. c) ""Collection Date wise""-backdated entry updated from user id-'FINASST', 'REDDY' delays ranging from 4-7 days. d) ""FO to FIN""-backdated entry updated from user id-'FINASST', 'REDDY' delays ranging from 4-48 days. e) ""Acr Adj""-backdated entry updated from user id-'FINASST', 'ANJANEYULU' & 'NAIDU' delays ranging from 1-53 days. Note: As per DOA "Finance HOD shall initiate the backdated entries (in same financial year), approved by Dy Head Finance and informed to Head of Finance-Corporate". RESPONSE: "4) No modification done, only matching done in later date for all the cases 4a) Response not provided 9a) To the FIN ASST ID Modification option not available. AUIDT REJOINER- User ID shall be specific with the user name for identification (FINASST, ACCASST) and backdated or modification option in IDS shall be stopped for other than Dy. Manager or HOD-ID.

2: Whether inter-unit reconciliation is prepared by the unit and confirmation of balances also obtained from other units? **NC**

Rating: 7

Observation Text :

Balance confirmation from Inter- unit Reconciliations pending to be obtained from GPH, GPV & Corporate. SAMPLE SIZE: As on 30-Sep-18)

Section: Vouching and General Ledger Review

Subsection: Vouching - Bank Payments

1: Whether TDS as applicable with regard to the nature of expenses are deducted on all the payments? **NC**

Rating: 7

Attachments :

5-

TAX(TDS)DEDUCTEDAT2%INSTEADOF1%FORINDIVIDUALS_20181126_120624.xlsx

Observation Text :

"In 105 instances TAX (TDS) was deducted at 2% instead of 1% for individual vendors leading to excess charging of Rs.22,068.89. In a solitary instance, it was observed that PAN of a vendor (P.Kiran-Surya Electrical Engg Works) was not obtained or not updated in the TDS working submitted at the time of remittance. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: Not provided.

2: If NO, whether appropriate approval and accounting treatments are done? **NC**

Rating: 7

Attachments :

5c-

EXPENSESOFPREVIOUSFINANCIALYEAR(17-18)ACOUNTEDINCURRENRYEAR(18-19)_20181126_122604.xlsx

Observation Text :

" As per Income tax Act 1961:Prior period expenses are disallowed, hence chances of more payment of Tax on these expenditures. During verification of journal vouchers, in a couple of instances, expenses of previous year (17-18) amounting to Rs.9,378/- and in a solitary instance expense of FY16-17 amounting to Rs.1,403/- were accounted. (SAMPLE SIZE-As on 25-Sep-18) Note: No specific approval obtained. RESPONSE: Not provided.

Section: Vouching and General Ledger Review

Subsection: Vouching - Journal Vouchers

1: Whether all the vouchers are accounted within 10 days of receipt of invoice? **NC**

Rating: 7

Attachments :

5b-

BACKDATEDMODIFICATIONOFJOURNALENTRIESINIDSFROMUNAUTHORISEDUSERIDS_20181126_123915.xlsx

Observation Text :

JVs-backdated entry updated from user id-'ACCASST', 'ANJANEYULU', 'FINASST', 'BNAGA-left employee(May'18) & 'REDDY' delays ranging from 1-66days. (SAMPLE SIZE-Apr'18-Aug'18) RESPONSE: Not provided.

Section: Vouching and General Ledger Review

Subsection: General Ledger Review

1: Whether confirmation of balances are taken from both DEBTORS and CREDITORS are taken either at quarterly, half-yearly or yearly basis, reconciled and documented?

NC

Rating: 0

Observation Text :

Not followed. RESPONSE: Not provided.

- 2: Debtors ageing status as on date of audit, highlighting the long pending age bucket (over 180 days) **NC**

Rating: 7

Attachments :

6-DEBTORSOUTSTANDINGASON01-OCT-18_20181126_125729.xlsx

Observation Text :

An amount of Rs.1.38 Crores was outstanding as on 01-Oct-18 from debtors. Out of which Rs.9.77 Lakhs was pending for more than 180 days. (SAMPLE SIZE-As on 01-Oct-18)

- 3: Any untagged debtor bills in IDS **NC**

Rating: 7

Attachments :

6a-

DEBTORSOUTSTANDINGAMOUNTUNTAGGEDINIDS_20181126_130202.xls

x

Observation Text :

An amount of Rs.9 Crores was reflecting in debtors accounts in IDS as untagged amount as on 01-Oct-18 . (SAMPLE SIZE-As on 01-Oct-18) RESPONSE: Problem in IDS, If any new booking comes, old tagged amounts becoming un tagged.

- 4: Creditors ageing and long pending dues over 3 years and above to be highlighted **NC**

Rating: 7

Attachments :

8-CREDITORSOUTSTANDINGAMOUNT_20181126_131444.xlsx

Observation Text :

Creditors outstanding amount of Rs. 29.76 Lakhs was in a solitary instance (SSR Enterprises) an amount Rs.0.73 Lakh was pending for more than 3yrs. (SAMPLE SIZE: As on 01-Oct-18) RESPONSE: SSR-Payment of 2015-16, vendor not claiming.

Section: Vouching and General Ledger Review

Subsection: GST remittance

- 1: Whether remittance and returns made within due date or not? **NC**

Rating: 7

Attachments :

10-

BANQUETADVANCECOLLECTEDNOTCONSIDEREDFORGSTWORKING_20181126_134411.xlsx

Observation Text :

In 7 instances, banquets advance amount of Rs.2.86 Lakhs (GST-Rs.0.51 Lakh) was not considered for GST calculation or remittance. (SAMPLE SIZE-Jun'18)

RESPONSE: Noted, we will stream line the same

- 2: Whether ledger amount, workings, challan and returns amount are tagged and matched? **NC**

Rating: 7

Attachments :

11-DISCREPANCIESINACCOUITINGGST_20181126_134507.xlsx

11a-

DIFFERENCEINGSTLIABILITYASPERGSTR-3BANDGSTR-1_20181126_134511.xlsx

Observation Text :

In a solitary instance, an amount of Rs.5,760/- was accounted in ISGT instead of SGST. (SAMPLE SIZE-Jun'18) Further variance was observed as per GSTR1 & GSTR 3B. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: "11) We will rectify and henceforth account the same correctly. 11a) We will show the variance in the Aug'18 & Sep'18 GST."

3: Whether RCM of GST payment is followed for all the eligible expenses and self-invoicing is done for the same? **NC**

Rating: 7

Attachments :

11b-

GSTREMITTEDONRCMBASISWITHOUTRAISINGSELFINVOICE_20181126_135259.xlsx

Observation Text :

An amount of Rs.1.03 Lakhs was remitted towards GST on RCM basis without raising self invoice. (SAMPLE SIZE-Apr'18-Jun'18)

4: Ensure ITC of GST paid on bank charges have been booked **NC**

Rating: 7

Observation Text :

ITC of GST paid on bank charges was not considered. (SAMPLE SIZE-Apr'18-Aug'18) RESPONSE: "No bank charges during the period. AUDIT REJOINDER-Response not in line as the bank statement contains GST amount charged on 14-Apr-18, 12-May-18 & 16-Jun-18.

Chronic

Section: Vouching and General Ledger Review

Subsection: Vouching - Bank Payments

- 1: Whether TDS as applicable with regard to the nature of expenses are deducted on all the payments? **NC**

Rating: 7

Attachments :

5-

TAX(TDS)DEDUCTEDAT2%INSTEADOF1%FORINDIVIDUALS_20181126_120624.xlsx

Observation Text :

"In 105 instances TAX (TDS) was deducted at 2% instead of 1% for individual vendors leading to excess charging of Rs.22,068.89. In a solitary instance, it was observed that PAN of a vendor (P.Kiran-Surya Electrical Engg Works) was not obtained or not updated in the TDS working submitted at the time of remittance. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: Not provided.

Section: Vouching and General Ledger Review

Subsection: General Ledger Review

- 1: Debtors ageing status as on date of audit, highlighting the long pending age bucket (over 180 days) **NC**

Rating: 7

Attachments :

6-DEBTORSOUTSTANDINGASON01-OCT-18_20181126_125729.xlsx

Observation Text :

An amount of Rs.1.38 Crores was outstanding as on 01-Oct-18 from debtors. Out of which Rs.9.77 Lakhs was pending for more than 180 days. (SAMPLE SIZE-As on 01-Oct-18)

- 2: Any untagged debtor bills in IDS **NC**

Rating: 7

Attachments :

6a-

DEBTORSOUTSTANDINGAMOUNTUNTAGGEDINIDS_20181126_130202.xlsx

Observation Text :

An amount of Rs.9 Crores was reflecting in debtors accounts in IDS as untagged amount as on 01-Oct-18 . (SAMPLE SIZE-As on 01-Oct-18)
RESPONSE: Problem in IDS, If any new booking comes, old tagged amounts becoming un tagged.

- 3: Creditors ageing and long pending dues over 3 years and above to be highlighted **NC**

Rating: 7

Attachments :

8-CREDITORSOUTSTANDINGAMOUNT_20181126_131444.xlsx

Observation Text :

Creditors outstanding amount of Rs. 29.76 Lakhs was in a solitary instance (SSR Enterprises) an amount Rs.0.73 Lakh was pending for more than 3yrs. (SAMPLE SIZE: As on 01-Oct-18) RESPONSE: SSR-Payment of 2015-16, vendor not claiming.

Section: Vouching and General Ledger Review

Subsection: GST remittance

1: Whether ledger amount, workings, challan and returns amount are tagged and matched? **NC**

Rating: 7

Attachments :

11-DISCREPANCIESINACCOUITINGGST_20181126_134507.xlsx

11a-

DIFFERENCEINGSTLIABILITYASPERGSTR-3BANDGSTR-1_20181126_134511.xlsx

Observation Text :

In a solitary instance, an amount of Rs.5,760/- was accounted in ISGT instead of SGST. (SAMPLE SIZE-Jun'18) Further variance was observed as per GSTR1 & GSTR 3B. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: "11) We will rectify and henceforth account the same correctly. 11a) We will show the variance in the Aug'18 & Sep'18 GST."

Audit Questionnaire

Section: Vouching and General Ledger Review

Subsection: Vouching - Cash payments

1: Whether all the cash vouchers are serially numbered and in case of missing numbers approvals are documented with reasons for the same? ☒ Not Applicable

2: Whether the voucher number as per IDS and print out are same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

3: Whether all the cash payments are approved as per SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

4: Whether cash payments exceeding Rs.10,000 are made to a single person / vendor on a single day?

Rating: 9

Observation Text :

Verified, no such instances. (SAMPLE SIZE-489/489 VOUCHERS)

5: Whether all cash payments vouchers for payment above Rs.5000 are affixed with revenue stamp?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

6: Whether acknowledgements are taken from the receiver for the cash receipt?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

7: Whether contra entries for cash withdrawals from bank are accounted on the same day?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

8: whether the signature on the vouchers tally with the specimen signatures of the authorized signatories as per SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-489/489 VOUCHERS)

9: Whether the expenses are accounted appropriately in the respective ledgers based on the nature of expense?

Rating: 9

Attachments :

1-

EXPENSESACCOUNTEDINTOINCORRECTACCOUNTHEAD_20181126_1133
23.xlsx

Observation Text :

In a couple of instances expenses amounting to Rs.2,305/- were accounted into incorrect head. (SAMPLE SIZE-489/489 VOUCHERS) RESPONSE: Provided in annexure. AUDIT REJOINER-Response not in line with the procedure being followed for accounting the Stipend amount."

10: Whether all the expenses are accounted within 5 days of payment?

Rating: 9

Attachments :

2-

DELAYINACCOUNTINGTHECASHEXPENSES(DUETODELAYINBILLSSUBMI
SSION)_20181126_113742.xlsx

Observation Text :

Delay ranging from 12-48days was observed in 4 instances in accounting the expenses amounting to Rs.5,914/-. (SAMPLE SIZE-489/489 VOUCHERS) RESPONSE: Briefed all the HODS and circulated the mail also, we will minimize the same

11: Whether the cash balance stood at positive figures on all the days of the period / year?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

12: Whether all the proper supportings are available for the payment amounts as defined by SOP?

Rating: 9

Attachments :

3-

INADEQUATESUPPORITNGFORCASHEXPENSESACCOUNTED_20181126_
114004.xlsx

Observation Text :

Adequate supporting was not available for the expenses amounting to Rs.4,459/- accounted in 5instances. (SAMPLE SIZE-489/489 VOUCHERS) RESPONSE: Provided in annexure

13: Cash holding analysis to be done and idle funds to be reported

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

14: Whether collection cash are deposited without delay and cash insurance taken for transit of cash to bank and also for holding of cash at the premises?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

15: Whether physical verification is done and tallied with the books?

Rating: 8

Attachments :

3a-

PHYSICALVERIFICATIONOFCASHATACCOUNTSDEPARTMENT_20181126_114416.xlsx

Observation Text :

Excess cash variance of Rs.9/- and in 5 instances IOUs amounting to Rs.14,000/- were pending for 0-50days. (SAMPLE SIZE-As on 25-Sep-18) RESPONSE: Cleared all the IOUs as on 10-Oct-18.

16: Whether all applicable licenses, insurance, subscriptions are done and up to date?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

17: Whether communication is sent to the bank whenever an employee leaves the organization for authorized signatories purpose? ☒ Not Applicable

18: Whether the service charges are distributed to employees as per SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

19: Audit trail / trial report to be analysed and reported for deviations observed **NC**

Rating: 7

Attachments :

4-

BACKDATEDMODIFICATIONOFCASHPAYMENTSINIDSFROMUNAUTHORISEDUSERIDs_20181126_115232.xlsx

9a-

BACKDATEDMODIFICATIONOFENTRIESINIDSFROMUNAUTHORISEDUSERIDs_20181126_115257.xlsx

4a-INADEQUATECUSTOMIZATIONOFIDS_20181126_115316.xlsx

Observation Text :

"a) In 13 instances Backdated or Modification of Cash Payments amounting to Rs.12,969/-, in IDS from the user IDs irrespective of designation was observed. (SAMPLE SIZE-489/489 VOUCHERS) Note: (Audit Trial Report-Showing only cash

transactions backdated entries by UFC & Dy-Mgrs) In a solitary instance, Transaction Type was wrongly selected in IDS for accounting expense of Rs.100/-. Note: No financial impact. b) Backdated bank payment entries or modification of entries in IDS from unauthorized user IDs was observed in 2052 instances with delay of 4-161 days. c) ""Collection Date wise""-backdated entry updated from user id-'FINASST', 'REDDY' delays ranging from 4-7 days. d) ""FO to FIN""-backdated entry updated from user id-'FINASST', 'REDDY' delays ranging from 4-48 days. e) ""Acr Adj""-backdated entry updated from user id-'FINASST', 'ANJANEYULU' & 'NAIDU' delays ranging from 1-53 days. Note: As per DOA "Finance HOD shall initiate the backdated entries (in same financial year), approved by Dy Head Finance and informed to Head of Finance-Corporate". RESPONSE: "4) No modification done, only matching done in later date for all the cases 4a) Response not provided 9a) To the FIN ASST ID Modification option not available. AUIDT REJOINER- User ID shall be specific with the user name for identification (FINASST, ACCASST) and backdated or modification option in IDS shall be stopped for other than Dy. Manager or HOD-ID.

20: Whether inter-unit reconciliation is prepared by the unit and confirmation of balances also obtained from other units? **NC**

Rating: 7

Observation Text :

Balance confirmation from Inter- unit Reconciliations pending to be obtained from GPH, GPV & Corporate. SAMPLE SIZE: As on 30-Sep-18)

Section: Vouching and General Ledger Review

Subsection: Vouching - Bank Payments

1: Whether all the Bank payment vouchers are serially numbered and in case of missing numbers approvals are documented with reasons for the same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

2: Whether the voucher number as per IDS and print out are same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

3: Whether all the payments are approved by the persons as defined by the SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

4: Whether TDS as applicable with regard to the nature of expenses are deducted on all the payments? **NC**

Rating: 7

Attachments :

5-

TAX(TDS)DEDUCTEDAT2%INSTEADOF1%FORINDIVIDUALS_20181126_120624.xlsx

Observation Text :

"In 105 instances TAX (TDS) was deducted at 2% instead of 1% for individual vendors leading to excess charging of Rs.22,068.89. In a solitary instance, it was observed that PAN of a vendor (P.Kiran-Surya Electrical Engg Works) was not obtained or not updated in the TDS working submitted at the time of remittance. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: Not provided.

5: Whether GST registration details of all the debtors and creditors are obtained, linked and documented?

Rating: 8

Observation Text :

Details are being updated and maintained in GST thread. Verified 10 Vendors and 10 Customers details and satisfactory.

6: Whether payment is made only to the already given bank account of the vendor (Sample checks to be undertaken)?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-20,22,25 Sep-18)

7: whether the signature on the vouchers tally with the specimen signatures of the authorized signatories as per SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

8: Whether the expenses are accounted appropriately in the respective ledgers based on the nature of expense?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

9: Whether all the expenses are accounted within 5 days of payment?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

10: Whether all the proper supportings are available for the payment amounts as defined by SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

11: Whether the transaction relate to the year of audit?

Rating: 8

Attachments :

5c-

EXPENSESOFPREVIOUSFINANCIALYEAR(17-18)ACOUNTEDINCURRENRY
EAR(18-19)_20181126_121703.xlsx

Observation Text :

" As per Income tax Act 1961: Prior period expenses are disallowed, hence chances of more payment of Tax on these expenditures. During verification of journal vouchers, in a couple of instances, expenses of previous year (17-18) amounting to Rs.9,378/- and in a solitary instance expense of FY16-17 amounting to Rs.1,403/- were accounted. (SAMPLE SIZE-As on 25-Sep-18) RESPONSE: Not provided.

12: If NO, whether appropriate approval and accounting treatments are done? **NC**

Rating: 7

Attachments :

5c-

EXPENSESOFPREVIOUSFINANCIALYEAR(17-18)ACOUNTEDINCURRENRY
EAR(18-19)_20181126_122604.xlsx

Observation Text :

" As per Income tax Act 1961: Prior period expenses are disallowed, hence chances of more payment of Tax on these expenditures. During verification of journal vouchers, in a couple of instances, expenses of previous year (17-18) amounting to Rs.9,378/- and in a solitary instance expense of FY16-17 amounting to Rs.1,403/- were accounted. (SAMPLE SIZE-As on 25-Sep-18) Note: No specific approval obtained. RESPONSE: Not provided.

13: Whether the stale cheques are reversed at the end of the 90 days period?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-960/960 Payments)

14: Whether contra entries for cash deposit are accounted on the same date of deposit?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

15: How many instances of cheque dishonours happened and what is the amount of bank charges debited?

Rating: 9

Observation Text :

No such instances. Satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

16: Whether the foreign currencies are converted without delays not resulting in loss to the unit? ☒ Not Applicable

17: Whether any blank vendor cheques have been kept at the unit with the vendor signature?

Rating: 9

Observation Text :

No such instances. (SAMPLE SIZE-As on 25-Sep-18)

Section: Vouching and General Ledger Review

Subsection: Vouching - Journal Vouchers

1: Whether the opening balances are same as closing balance of the previous month / year?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-20Vendors ledgers)

2: Whether all the Journal vouchers are serially numbered and in case of missing numbers approvals are documented with reasons for the same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-923/923 JVs)

3: Whether the voucher number as per IDS and print out are same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-923/923 JVs)

4: Whether all the vouchers are approved by the persons as defined by the SOP?

Rating: 8

Attachments :

5a-

APPORVALOFHODNOTOBTAINEDFORTHEJOURNALVOUCHERSACCOUT
NED_20181126_123739.xlsx

Observation Text :

In 7 instances, HOD approval was not obtained for accounting the transactions amounting to Rs.2.62 Lakhs. (SAMPLE SIZE-60%) RESPONSE: Not provided.

5: Whether all the vouchers are accounted within 10 days of receipt of invoice? **NC**

Rating: 7

Attachments :

5b-

BACKDATEDMODIFICATIONOFJOURNALENTRIESINIDSFROMUNAUTHORI
SEDUSERIDs_20181126_123915.xlsx

Observation Text :

JVs-backdated entry updated from user id-'ACCASST', 'ANJANEYULU', 'FINASST', 'BNAGA-left employee(May'18) & 'REDDY' delays ranging from 1-66days. (SAMPLE SIZE-Apr'18-Aug'18) RESPONSE: Not provided.

6: Whether proper bill referencing is done while booking the expense?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-923/923 JVs)

7: Whether all the vouchers are supported with bills / invoices?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-923/923 JVs)

8: Whether all the expenses are accounted in appropriate account head based on the nature of expense?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-923/923 JVs)

Section: Vouching and General Ledger Review

Subsection: General Ledger Review

1: Whether the bills of the contractor are duly approved or certified for payment by the person responsible for getting the work done?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

2: Whether all the Assets have only DEBIT balances?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

3: Wherever Assets have credit balances, appropriate supportings, reconciliations, approvals are documented?

Rating: 9

Observation Text :

No such instances. Satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

4: Whether all the Liabilities have only CREDIT balances?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

5: Wherever Liabilities have bebit balances, appropriate supportings, reconciliations, approvals are documented?

Rating: 9

Observation Text :

No such instances. Satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

6: Whether all the expenses have only DEBIT balances?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

7: Wherever expenses have credit balances, appropriate supportings, reconciliations, approvals are documented?

Rating: 9

Observation Text :

No such instances. Satisfactory. (SAMPLE SIZE-50% Apr'18-Jun'18)

8: Whether all the provision entries are reversed at the end of the month during month end closing process?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

9: Whether all the prepaid expenses are appropriately apportioned and reversed as per SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

10: Whether SOFTWARE is configured and updated with the appropriate % of TDS based on the nature of expense / payment? ☒ Not Applicable

11: whether proper supporting is available as per SOP for provisioning entries and approvals are available for deviations?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

12: Whether confirmation of balances are taken from both DEBTORS and CREDITORS are taken either at quarterly, half-yearly or yearly basis, reconciled and documented?

NC

Rating: 0

Observation Text :

Not followed. RESPONSE: Not provided.

13: Whether BRS are prepared, documented and approved on a monthly basis?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-As on 26-Sep-18)

14: Are there any cheques which have been issued but not recorded and reasons are documented with approvals?

Rating: 9

Observation Text :

No such instances. (SAMPLE SIZE-As on 25-Sep-18)

15: Are there any cheques which have remained uncleared for more than 30 days and reasons are documented with approvals?

Rating: 9

Observation Text :

BRS prepared on daily basis and approval taken accordingly. (SAMPLE SIZE-As on 26-Sep-18)

16: Debtors ageing status as on date of audit, highlighting the long pending age bucket (over 180 days) **NC**

Rating: 7

Attachments :

6-DEBTORSOUTSTANDINGASON01-OCT-18_20181126_125729.xlsx

Observation Text :

An amount of Rs.1.38 Crores was outstanding as on 01-Oct-18 from debtors. Out of which Rs.9.77 Lakhs was pending for more than 180 days. (SAMPLE SIZE-As on 01-Oct-18)

17: Any untagged debtor bills in IDS **NC**

Rating: 7

Attachments :

6a-

DEBTORSOUTSTANDINGAMOUNTUNTAGGEDINIDS_20181126_130202.xls

x

Observation Text :

An amount of Rs.9 Crores was reflecting in debtors accounts in IDS as untagged amount as on 01-Oct-18 . (SAMPLE SIZE-As on 01-Oct-18) RESPONSE: Problem in IDS, If any new booking comes, old tagged amounts becoming un tagged.

18: Any Duplicate Debtors codes in IDS

Rating: 8

Attachments :

6b-

DUPLICATEDEBTORSCODEINIDSWITHNILBALANCEINIDS_20181126_130658.xlsx

Observation Text :

In a solitary instance, duplicate debtors code was available in IDS with transactions in both accounts and nil outstanding. (SAMPLE SIZE-As on 01-Oct-18) RESPONSE: Not provided.

19: Any Duplicate vendor codes in IDS

Rating: 9

Attachments :

6c-DUPLICATEVENDORCODESINIDS_20181126_130910.xlsx

Observation Text :

In a couple of instances, duplicate codes were observed without any financial

implication. (SAMPLE SIZE-60%) RESPONSE: Noted, we will rectify.

20: Any advances made to vendors and the same is pending for a long time.

Rating: 8

Attachments :

7-

ADVANCEORPENDINGAMOUNTWITHTHECREDITORSFORMORETHAN180
DAYS_20181126_131232.xlsx

Observation Text :

In 10 instances, an amount of Rs.6.88 Lakhs was pending towards the advance paid to vendors. (SAMPLE SIZE-As on 01-Oct-18) RESPONSE: Provided in annexure.

21: Creditors ageing and long pending dues over 3 years and above to be highlighted

NC

Rating: 7

Attachments :

8-CREDITORSOUTSTANDINGAMOUNT_20181126_131444.xlsx

Observation Text :

Creditors outstanding amount of Rs. 29.76 Lakhs was in a solitary instance (SSR Enterprises) an amount Rs.0.73 Lakh was pending for more than 3yrs. (SAMPLE SIZE: As on 01-Oct-18) RESPONSE: SSR-Payment of 2015-16, vendor not claiming.

22: Are applicable rentals payments received on time?

Rating: 8

Attachments :

9-DELAYRENTALAMOUNTSRECEIVED_20181126_131648.xlsx

Observation Text :

Delays ranging from 48-101days were observed in receiving the rent of Rs.2 Lakhs in 6instances. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: We will stream line the same

Section: Vouching and General Ledger Review

Subsection: Cash and Bank Receipts

1: Whether all the cash and bank receipt vouchers are serially numbered and in case of missing numbers approvals are documented with reasons for the same?

Rating: 8

Attachments :

9b-

CASHRECEIPTSACCOUNTEDINTOINCORRECTHEAD_20181126_132844.xlsx

Observation Text :

"a) In a solitary instance, Axis receipt entry was missing in seriality in IDS(618318).

b) In a couple of instances, Cash receipts amounting to Rs.10,669/- were accounted in incorrect head. (SAMPLE SIZE: 51/51-Cash & 1005/005 Bank-Receipts)

RESPONSE: GST paid on higher side only, from last month onwards accounting @5% only.

2: Whether the voucher number as per IDS and print out are same?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE: 51/51-Cash & 1005/005 Bank Receipts)

- 3: Whether all the vouchers are approved by the persons as defined by the SOP?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE: 51/51-Cash & 1005/005 Bank Receipts)

- 4: Whether all the receipts are accounted within 5 days of receipt of amount in bank?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE: 51/51-Cash & 1005/005 Bank Receipts)

- 5: Whether cash receipts are accounted immediately without any delay

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE: 51/51-Cash Receipts)

- 6: Whether for any interest receipts, appropriated rate of interest as per agreement only are received and accounted? ☒ Not Applicable

Section: Vouching and General Ledger Review

Subsection: VAT Remittance

- 1: Whether remittance and returns made within due date or not? ☒ Not Applicable

- 2: Whether ledger amount, workings, challan and returns amount are matched? ☒ Not Applicable

Section: Vouching and General Ledger Review

Subsection: TDS and TCS Remittance

- 1: Whether remittance and returns made within due date or not?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

- 2: Whether ledger amount, workings, challan and returns amount are matched?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

- 3: Whether all the related heads of expenses as submitted in returns are matched with the respective ledger?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Apr'18-Jun'18)

4: Whether TDS certificates are issued to vendors within the due date - within 15 days of filing the quarterly returns?

Rating: 9

Observation Text :

Issued either in soft copy or hard copy to the vendors and received soft copy from the debtors. (SAMPLE SIZE-3vendors)

5: Whether TDS certificates are collected from Debtors who have deducted Tax within 15 days of filing the quarterly returns

Rating: 9

Observation Text :

Received soft copy from the debtors. (SAMPLE SIZE-3debtors)

6: Whether the TDS and TCS amounts are properly accounted?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

7: Whether the nature of deduction of TDS and grouping of the same in the return / statement are accurate?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

Section: Vouching and General Ledger Review

Subsection: MSME Identification

1: Has the unit got the confirmation of vendors covered under MSME Act? ☒ Not Applicable

2: Has the unit paid the MSME vendors within the stipulated time? ☒ Not Applicable

Section: Vouching and General Ledger Review

Subsection: GST remittance

1: Whether HSN code/ SAC of the supply has been identified.

Rating: 9

Observation Text :

Verified and found satisfactory.

2: Whether remittance and returns made within due date or not? **NC**

Rating: 7

Attachments :

10-

BANQUETADVANCECOLLECTEDNOTCONSIDEREDFORGSTWORKING_20
181126_134411.xlsx

Observation Text :

In 7 instances, banquets advance amount of Rs.2.86 Lakhs (GST-Rs.0.51 Lakh) was not considered for GST calculation or remittance. (SAMPLE SIZE-Jun'18)

RESPONSE: Noted, we will stream line the same

3: Whether ledger amount, workings, challan and returns amount are tagged and matched? **NC**

Rating: 7

Attachments :

11-DISCREPANCIESINACCOUITINGGST_20181126_134507.xlsx

11a-

DIFFERENCEINGSTLIABILITYASPERGSTR-3BANDGSTR-1_20181126_1345
11.xlsx

Observation Text :

In a solitary instance, an amount of Rs.5,760/- was accounted in ISGT instead of SGST. (SAMPLE SIZE-Jun'18) Further variance was observed as per GSTR1 & GSTR 3B. (SAMPLE SIZE-Apr'18-Jun'18) RESPONSE: "11) We will rectify and henceforth account the same correctly. 11a) We will show the variance in the Aug'18 & Sep'18 GST."

4: Whether TRANS - 1 amount is matched with the ledger and all eligible inputs transferred to TRANS 1? ☒ Not Applicable

5: Whether GSTIN numbers for inputs as well as for output are updated either in vendor master or separately?

Rating: 9

Observation Text :

GSTIN details are maintained in Vendor master maintained in GST thread. (SAMPLE SIZE-5 Vendors & 5 Customers)

6: Whether for all eligible inputs, ITC are availed?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

7: Whether the company is paying GST on notice pay recovery? ☒ Not Applicable

8: Whether the GST is paid on the sale price in case of sale at the concessional rate to the employee?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

9: Whether RCM of GST payment is followed for all the eligible expenses and self-invoicing is done for the same? **NC**

Rating: 7

Attachments :

11b-

GSTREMITTEDONRCMBASISWITHOUTRAISINGSELFINVOICE_20181126_135259.xlsx

Observation Text :

An amount of Rs.1.03 Lakhs was remitted towards GST on RCM basis without raising self invoice. (SAMPLE SIZE-Apr'18-Jun'18)

10: Is it ensured ITC availment is done for RCM only after payment of tax is done?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

11: Is it ensured that no ITC is claimed after expiry of one year from the date of issue of invoice?

Rating: 9

Observation Text :

No such instances.

12: Whether receipt of services / invoices are confirmed before ITC are availed?

Rating: 9

Observation Text :

Verified and found satisfactory. (SAMPLE SIZE-Jun'18)

13: Ensure GST on bank Charges correctly Charged by the bank at the applicable rate which is 18%

Rating: 9

Observation Text :

Apr'18-Jun'18 GST charged on bank charges. No Bank charges in Jul & Aug.

14: Ensure Invoice at the every month end have been taken from banks

Rating: 8

Observation Text :

GST of Rs.90/- charged by bank on bank charges as per the monthly statement. (SAMPLE SIZE-Apr'18-Aug'18) RESPONSE: "No bank charges during the period. AUDIT REJOIDNER-Response not in line as the bank statement contains GST amount charged on 14-Apr-18, 12-May-18 & 16-Jun-18.

15: Ensure ITC of GST paid on bank charges have been booked **NC**

Rating: 7

Observation Text :

ITC of GST paid on bank charges was not considered. (SAMPLE SIZE-Apr'18-Aug'18) RESPONSE: "No bank charges during the period. AUDIT REJOIDNER-Response not in line as the bank statement contains GST amount charged on 14-Apr-18, 12-May-18 & 16-Jun-18.