

# Audit Report for Audit ID - AU00153-1

## VA-Finance Audit

Audit Score

92/100

### Details

Audit	AU00153
Scheduled Audit	AU00153-1
Location	Hyderabad
Hotel	AVASA Hotel
Department	VA-Finance & Accounts
Checklist	VA-Finance Audit
Audit Type	External
Auditor	NAVEEN A
Start Date	11-06-2018
End Date	15-06-2018
Submitted Date	13-06-2018
Status	Completed
Assigned By	Administrator Account
Non-Compliance	12
Chronic Issues	0

## Comparison

<b>AVASA HOTEL</b> <b>VA-FINANCE AUDIT</b>				
VA-FINANCE AUDIT		Jun 2018	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED		
1	Vouching and General Ledger Review	92	-	-
<b>Audit Score</b>		● 92	-	-

	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: 6

Attachments :

Book4\_20180613\_155751.xls

Book3\_20180613\_155946.xls

Observation Text :

a)"Modification of transaction entries enabled for the user ID-""DURGA""-Employee left-09-Nov-17(MAIN CASH B/O RECEIPTS,ICICI SRNGR PAYMENTS & ICICI SRNGR RECEIPTS)". Response - "Asked IT Manager to change/passive the ID, Modification option required for receivables. Audit Rejoinder: Chances of mis-appropriation cannot be ruled out." b) "Back dated transaction entries enabled for the user ID-Payables, Cashier(MCBP-34/Mar&121/Feb), Prudwi, ""DURGA""-Employee left-09-Nov-17 (Axis Receipts,JVs) Response- "Please consider more than 10 days entries. Will brief the staff. Audit Rejoinder: Deviation of Delegation of Authority & control mechanism ."

### 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: 6

Attachments :

Book2\_20180611\_164546.xls

Observation Text :

TAX excess deducted Rs.1,178/- 8instances & short deducted Rs.196/- in 2instances. Response provided in annexure.

### 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 :

Book9\_20180611\_171418.xls

Observation Text :

It was observed that in the most of the bills received by Accounts Dept, Bill Received date not mentioned. So, we are unable to give more delay instances and given 19 instances only. Response: Whenever we receive the bill, we will account the same on that day only. From next time onwards we will sing on the invoice copy with received date.

### 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: 6

Attachments :

Book10\_20180611\_173212.xls

Observation Text :

On review of the debtors ageing report as on 15-May-18, it was observed that bills were pending to be settled by Companies and Individuals amounting to Rs.2.08 Crores. Out of the same, Rs.6.97 Lakhs was pending to be collected for more than 180 days. This accounts to 2.69 % of the total debtors. Response: "Few bills are there more than 180 days and will get the payment. Audit Rejoinder: Detailed response not provided."

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

Rating: 6

Attachments :

Book11\_20180611\_173348.xls

Observation Text :

On review of the debtors ageing report as on 15-May-18, in 10 instances untagged amount of Rs.2.96 Lakhs was observed. Response: Bill details not received from companies and we are following up the same.

**Section:** Vouching and General Ledger Review**Subsection:** Cash and Bank Receipts

- 1: Whether all the vouchers are approved by the persons as defined by the SOP? **NC**

Rating: 7

Attachments :

Book5\_20180611\_174431.xls

Observation Text :

Observed Security seal not affixed on the scrap items list for sale of scrap in 6 instances, valid agreement copy not available for Scrap Sale, inadequate details of salary break up and cafeteria coupons. Response: "Security seal available in supportings Audit Rejoinder: Incomplete Response "

**Section:** Vouching and General Ledger Review**Subsection:** MSME Identification

- 1: Has the unit got the confirmation of vendors covered under MSME Act? **NC**

Rating: 0

Observation Text :

No practice.

- 2: Has the unit paid the MSME vendors within the stipulated time? **NC**

Rating: 0

Observation Text :

No practice.

**Section:** Vouching and General Ledger Review

**Subsection:** GST remittance

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

Rating: 6

Attachments :

Book14\_20180611\_180158.xls

Observation Text :

Difference in amount as per GSTR1 & GSTR3B (Jul'17-Feb'18). Response: We will close the differences in march month GST returns

2: Whether TRANS - 1 amount is matched with the ledger and all eligible inputs transferred to TRANS 1? **NC**

Rating: 6

Observation Text :

Service Tax Input ledger(SERVICE TAX INPUT of Rs.336242.51) was showing balance as per Trial Balance in IDS as on 31-Mar-18. (not yet closed/utilised/transferred to GST). Response: This amount not reflected in TRAN 1, so that we did not close these ledgers. We will check with the auditors.

3: Whether the company is paying GST on notice pay recovery? **NC**

Rating: 0

Observation Text :

In a solitary instance GST of Rs.2,891/- not accounted and paid. Vide MCBR-2 Dt.06/03/2018 of Rs.16,061/- Response not provided.

4: Ensure Invoice at the every month end have been taken from banks **NC**

Rating: 0

Observation Text :

Bank does not submit invoice. Response: Received invoice from bank from Apr'18 only

## Chronic

No chronic issues found

# 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?

Rating: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory.

8: whether the signature on the vouchers tally with the specimen signatures of the

authorized signatories as per SOP?

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Available.

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

Rating: 8

Attachments :

Book1\_20180611\_162728.xls

Observation Text :

Idle funds around Rs.1.98 Lakhs available for the quarter against the imprest amount Of Rs.1 Lakh. Response: No imprest in particular, we consider 1Lakh approximate as imprest. We maintain required balance only with us for the day to day expenses.

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: 10

Observation Text :

No delay. Verified and found satisfactory.

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

Rating: 10



## Observation Text :

Physical verification of cash (of Rs.93,332/-)at Accounts was carried out on 20-Apr-18 and found satisfactory.

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

Rating: 10

## Observation Text :

Satisfactory.

17: Whether communication is sent to the bank whenever an employee leaves the organization for authorized signatories purpose?

Rating: 10

## Observation Text :

No such instances.

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

Rating: 10

## Observation Text :

Satisfactory.

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

Rating: 6

## Attachments :

Book4\_20180613\_155751.xls

Book3\_20180613\_155946.xls

## Observation Text :

a)"Modification of transaction entries enabled for the user ID-""DURGA""-Employee left-09-Nov-17(MAIN CASH B/O RECEIPTS,ICICI SRNGR PAYMENTS & ICICI SRNGR RECEIPTS)". Response - "Asked IT Manager to change/passive the ID, Modification option required for receivables. Audit Rejoinder: Chances of mis-appropriation cannot be ruled out." b) "Back dated transaction entries enabled for the user ID-Payables, Cashier(MCBP-34/Mar&121/Feb), Prudwi, ""DURGA""-Employee left-09-Nov-17 (Axis Receipts,JVs) Response- "Please consider more than 10 days entries. Will brief the staff. Audit Rejoinder: Deviation of Delegation of Authority & control mechanism ."

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

Rating: 10

## Observation Text :

Verified and found satisfactory.

**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: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 10

Observation Text :

Satisfactory.

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

Rating: 6

Attachments :

Book2\_20180611\_164546.xls

Observation Text :

TAX excess deducted Rs.1,178/- 8instances & short deducted Rs.196/- in 2instances. Response provided in annexure.

5: Whether GST registration details of all the debtors and creditors are obtained, linked and documented? ☒ Not Applicable

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Satisfactory

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes all transactions relate to the year of audit.

12: If NO, whether appropriate approval and accounting treatments are done? ☒ Not Applicable

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

No such instances.

**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: 10

Observation Text :

Yes found satisfactory.

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 :

In Jan'18 month - JV No. 20 was missing in IDS (No entry). Response: It is IDS error.

Audit Note: Issue to be sorted out in co-ordination with IT & IDS teams."

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 9

Attachments :

Book8\_20180611\_170853.xls

Observation Text :

In a couple of instances, adequate approvals were not available on the journal vouchers. Response: Entry was modified. Signature was missing and now we taken the signature. Heanceforth it will not repeat.

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

Rating: 7

Attachments :

Book9\_20180611\_171418.xls

Observation Text :

It was observed that in the most of the bills received by Accounts Dept, Bill Received date not mentioned. So, we are unable to give more delay instances and given 19 instances only. Response: Whenever we receive the bill, we will account the same on that day only. From next time onwards we will sing on the invoice copy with received date.

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

Rating: 10

Observation Text :

Satisfactory

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

**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: 10

Observation Text :

Yes found satisfactory.

2: Whether all the Assets have only DEBIT balances?

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

4: Whether all the Liabilities have only CREDIT balances?

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

6: Whether all the expenses have only DEBIT balances?

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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: 10

Observation Text :

Yes found satisfactory.

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?

Rating: 8

Observation Text :

It was observed that confirmation of balances not being collected from most of the Debtors and Creditors for reconciliation of the same. Response: we are collecting the yearly basis

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

Rating: 10

Observation Text :

BRS verified as on 30.04.18, found satisfactory

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 6

Attachments :

Book10\_20180611\_173212.xls

Observation Text :

On review of the debtors ageing report as on 15-May-18, it was observed that bills were pending to be settled by Companies and Individuals amounting to Rs.2.08 Crores. Out of the same, Rs.6.97 Lakhs was pending to be collected for more than 180 days. This accounts to 2.69 % of the total debtors. Response: "Few bills are there more than 180 days and will get the payment. Audit Rejoinder: Detailed response not provided."

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

Rating: 6

Attachments :

Book11\_20180611\_173348.xls

Observation Text :

On review of the debtors ageing report as on 15-May-18, in 10 instances untagged amount of Rs.2.96 Lakhs was observed. Response: Bill details not received from companies and we are following up the same.

18: Any Duplicate Debtors codes in IDS

Rating: 10

Observation Text :

Found satisfactory.

19: Any Duplicate vendor codes in IDS

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 9

Attachments :

Book12\_20180611\_173801.xls

Book12\_20180613\_145357.xls

Observation Text :

An amount of Rs.2.83 Lakhs was pending for more than one year as on 05-May-18.

Response: Provided in annexure.

22: Are applicable rentals payments received on time?

Rating: 8

Attachments :

Book13\_20180611\_174004.xls

Observation Text :

Delays ranging from 54 to 113 days in receiving the rent of Rs.0.53 Lakh as on date of 24-Apr-18 from UBICO Network Private Limited. Response: Response provided in annexure

## **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: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 7

Attachments :

Book5\_20180611\_174431.xls

Observation Text :

Observed Security seal not affixed on the scrap items list for sale of scrap in 6 instances, valid agreement copy not available for Scrap Sale, inadequate details of salary break up and cafeteria coupons. Response: "Security seal available in supportings Audit Rejoinder: Incomplete Response "

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

Rating: 10

Observation Text :

Yes found satisfactory.

5: Whether cash receipts are accounted immediately without any delay

Rating: 10

Observation Text :

Yes found satisfactory.

6: Whether for any interest receipts, appropriated rate of interest as per agreement only are received and accounted?

Rating: 10



Observation Text :

Yes found satisfactory.

**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: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes done online mode.

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

Rating: 10

Observation Text :

Yes done online mode.

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

Rating: 10

Observation Text :

Yes found satisfactory.

7: Whether the nature of deduction of TDS and grouping of the same in the return /

statement are accurate? ☒ Not Applicable

**Section:** Vouching and General Ledger Review

**Subsection:** MSME Identification

1: Has the unit got the confirmation of vendors covered under MSME Act? **NC**

Rating: 0

Observation Text :

No practice.

2: Has the unit paid the MSME vendors within the stipulated time? **NC**

Rating: 0

Observation Text :

No practice.

**Section:** Vouching and General Ledger Review

**Subsection:** GST remittance

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 10

Observation Text :

Yes found satisfactory.

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

Rating: 6

Attachments :

Book14\_20180611\_180158.xls

Observation Text :

Difference in amount as per GSTR1 & GSTR3B (Jul'17-Feb'18). Response: We will close the differences in march month GST returns

4: Whether TRANS - 1 amount is matched with the ledger and all eligible inputs transferred to TRANS 1? **NC**

Rating: 6

Observation Text :

Service Tax Input ledger(SERVICE TAX INPUT of Rs.336242.51) was showing balance as per Trial Balance in IDS as on 31-Mar-18. (not yet closed/utilised/transferred to GST). Response: This amount not reflected in TRAN 1, so that we did not close these ledgers. We will check with the auditors.

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

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

Found satisfactory.

7: Whether the company is paying GST on notice pay recovery? **NC**

Rating: 0

Observation Text :

In a solitary instance GST of Rs.2,891/- not accounted and paid. Vide MCBR-2 Dt.06/03/2018 of Rs.16,061/- Response not provided.

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

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

Found satisfactory.

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

Rating: 10

Observation Text :

No such instances.

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

Rating: 10

Observation Text :

JV raised only when invoices are received. No such cases found.

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

Rating: 10

Observation Text :

GST accounted accordingly

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

Rating: 0

Observation Text :

Bank does not submit invoice. Response: Received invoice from bank from Apr'18 only

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

Rating: 10

Observation Text :

Bank does not submit invoice. But GST is accounted in the books as per the bank statement.