

# Audit Report for Audit ID - AU00487-1

## VA-Fixed Assets Management

Audit Score

60/100

### Details

Audit	AU00487
Scheduled Audit	AU00487-1
Location	Hyderabad
Hotel	Marigold Hotel
Department	VA-Finance & Accounts
Checklist	VA-Fixed Assets Management
Audit Type	External
Auditor	Saritha C
Start Date	29-04-2019
End Date	06-05-2019
Submitted Date	30-04-2019
Status	Completed
Assigned By	Administrator Account
Non-Compliance	15
Chronic Issues	0

## Comparison

MARIGOLD HOTEL VA-FIXED ASSETS MANAGEMENT				
VA-FIXED ASSETS MANAGEMENT		Apr 2019	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED		
1	Fixed Assets Management	60	-	-
Audit Score		● 60	-	-

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

## Non-Compliance

### Section: Fixed Assets Management

#### Subsection: Capital Expenditure Controls

1: Whether the items purchased are capitalized under relevant asset classification or expensed off in both IDS and FAMS and respective assets' locations are updated in FAMS as per SOP? **NC**

Rating: 7

Attachments :

QUE4\_DOC\_20190429\_164822.xlsx

Observation Text :

In 25 instances items amounting to Rs.1.91 Lakhs were not capitalised in IDS & FAMS with delay ranging from 48-334 days as on 07-Mar-19. (Sample Size: Apr'18-Jan'19) Response:- Provided in Annexure.

2: Whether the required quote, comparative statements, DMS approval and Purchase orders are available for all the new additions made during the year? **NC**

Rating: 7

Observation Text :

No proper filing of the documents so cannot be commented. Response not provided.

### Section: Fixed Assets Management

#### Subsection: Insurance

1: Whether all the assets that are purchased and sold during the year are communicated to the insurance company for inclusion and exclusion in and from insurance coverage?

**NC**

Rating: 7

Observation Text :

The details of the assets like make, model, location etc not available in FAMS for identification. No details or documents available for the communication to the insurance company during 18-19. (Sample Size: 01-Apr-18 to 07-Mar-19)

Response:- Assets purchased have the warranty and no deletions during the year. Further we will intimate Corporate in this regard.

2: Whether insurances claims, if any are settled without any delay? **NC**

Rating: 7

Attachments :

QUE8\_DOC\_20190429\_172300.xlsx

Observation Text :

Statement for tracking the insurance claims(claimed, received and pending) was not available during our verification. Details available as per the records for Rs.3.25 Lakhs maintained by the Engineering and FINANCE Teams(As on 28-Feb-19) are given in Annexure. Response:- We will maintain a list for tracking. Response provided in Annexure.

**Section:** Fixed Assets Management**Subsection:** Control on Fixed Assets

1: Whether all the Assets are tagged? **NC**

Rating: 7

Attachments :

QUE9\_DOC\_20190429\_170722.xlsx

Observation Text :

New assets amounting to Rs.41.44lakhs were not tagged and also observed that few tags were not available and few tags were not clear to track the asset tag no.during physical verification on 21-Feb-19 & 22-Feb-19. (Sample Size: 74 items verified-AC Refrigeration, Kitchen Equipments & Electrical Installations) Response not provided

2: Whether all the departments have a list of assets under their usage, updated with all the inclusions and deletions during the year? **NC**

Rating: 0

Observation Text :

Not followed

3: Whether such details are shared with the accounts department for their yearly consolidation and update in the Fixed Assets register? **NC**

Rating: 0

Observation Text :

Not followed. Response not provided

4: What is the frequency of taking physical verification of the assets by each of the department and accounts department? **NC**

Rating: 0

Observation Text :

Not followed. Response not providea

5: When was the last physical verification done by the departments and the Finance department and whether the variance are debited to the department service charge for short variance. **NC**

Rating: 0

Observation Text :

Not followed. Response not provided.

6: In case of excess variance, whether the list of assets are tallied with the opening numbers, additions and deletions and approvals are documented? **NC**

Rating: 7

Attachments :

QUE14\_DOC\_20190429\_170757.xlsx

QUE14\_DOC\_20190429\_170801.xlsx

Observation Text :

Not followed.During cross verification of assets with details in FAMS it was observed  
a) In 5instances Transportation, Clearing charges etc., amounting to Rs.3.74 Lakhs

incurred towards the asset is shown as separate asset(with asset id) in FAMS instead of adding the amount to the respective asset. (Sample Size: Apr'18-Jan'19)

b) A few assets amounting to Rs.0.73 lakh were not in working condition (2-11days)during physical verification on 21-Feb-19 & 22-Feb-19. (Sample Size: 74 items verified-AC Refrigeration, Kitchen Equipments & Electrical Installations)

Response:- a) These bills were received late from vendors, so we treated as separate entry in FAMS. We will consider with stat auditors and will account accordingly. b) We will check with user departments for repairable assets

7: Whether the depreciation rates charged are as per the applicable rules? **NC**

Rating: 7

Attachments :

QUE20\_DOC\_20190429\_172343.xlsx

QUE20\_DOC\_20190429\_172346.xlsx

Observation Text :

Depreciation is being calculated on the Cost of Asset instead of net value(Cost-Salvage Value) leading to excess accounting of depreciation amounting to Rs.1.36 Crores. (Sample Size: 2011-2019) Response:- We will inform to the concerned at Corporate and will follow accordingly.

8: Are there any difference between the GRN date and the assets put to use date? **NC**

Rating: 7

Attachments :

QUE23\_DOC\_20190429\_171524.xlsx

QUE23\_DOC\_20190429\_171527.xlsx

Observation Text :

a) In 6 instances details like date of receipt, put to use were differing for assets amounting to Rs.3.77 Lakhs capitalised in FAMS. b) In 4instances assets amounting to Rs.1.89 Lakhs received in 2016-17 & 2017-18 capitalised in 2018-19 in 4instances. (Sample Size: NA) Response:- a) as per stat audit advice we taken GRN Date as Put to use Date b) issue made in 18-19 hence we treated as assets in this FY

9: ARE there any delay in raising GRN from the date of goods receipt? **NC**

Rating: 7

Attachments :

QUE25\_DOC\_20190429\_171748.xlsx

Observation Text :

In 5instances delay ranging from 7-12days was observed in raising GRNs amounting to Rs.1.02Lakhs from inward date.(Delivery Challan) date (Sample Size: Apr'18-Jan'19). NOTE: MATERIAL INWARD REGISTER CANNOT RETRIEVED FROM SIMS( at TIME OFFICE) Response:- Delay in making PO

10: Whether the item description, quantity, tax etc tallies as per GRN, Bill, FAMS? **NC**

Rating: 7

Attachments :

QUE26\_DOC\_20190429\_171812.xlsx

Observation Text :

a) In 4 instances difference in quantity as per IDS and FAMS was observed. b) In a couple of instances "USD" was selected while raising GRN for assets received but the value updated as per Indian currency.(Sample Size: Apr'18-Jan'19). Response:- Provided in Annexure.

**Section:** Fixed Assets Management

**Subsection:** Statutory Requirements

1: Whether Items in nature of replacement of assets tagged in FAMS to the relevant asset code and the prior items de-recognised as per REVISED Ind AS16? **NC**

Rating: 0

Attachments :

QUE28\_DOC\_20190429\_171648.xlsx

Observation Text :

In 33instances items amounting to Rs.7.84 lakhs in nature of replacement were not tagged in FAMS and prior items not derecognised as per Revised AS-10. (Sample Size: Apr'18-Jan'19) Response not provided.

## Chronic

No chronic issues found

# Audit Questionnaire

## Section: Fixed Assets Management

### Subsection: Capital Expenditure Controls

1: Is there a CAPEX requirement plan made for the unit as a whole?

Rating: 8

Observation Text :

Capex budget is made at Corporate Office for 2018-19.

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

Rating: 8

Observation Text :

Department wise budget available for Engineering, Housekeeping, IT, Training and F&B departments. Expenses are within the budget amount. (Sample size: 2018-19)  
Response:- Mainly material procured for these mentioned departments.

3: Whether expenses incurred over the budget have the necessary ratification?

Rating: 9

Observation Text :

Expenses under the budget amount.

4: Whether the items purchased are capitalized under relevant asset classification or expensed off in both IDS and FAMS and respective assets' locations are updated in FAMS as per SOP? **NC**

Rating: 7

Attachments :

QUE4\_DOC\_20190429\_164822.xlsx

Observation Text :

In 25 instances items amounting to Rs.1.91 Lakhs were not capitalised in IDS & FAMS with delay ranging from 48-334 days as on 07-Mar-19. (Sample Size: Apr'18-Jan'19) Response:- Provided in Annexure.

5: Whether the required quote, comparative statements, DMS approval and Purchase orders are available for all the new additions made during the year? **NC**

Rating: 7

Observation Text :

No proper filing of the documents so cannot be commented. Response not provided.

6: whether the practise of the unit is consistent in capitalizing the input tax credit of GST on purchase of any asset or claiming the same as ITC in GST returns?

Rating: 9

Observation Text :

satisfactory.



**Section:** Fixed Assets Management**Subsection:** Insurance

1: Whether all the assets that are purchased and sold during the year are communicated to the insurance company for inclusion and exclusion in and from insurance coverage?

**NC**

Rating: 7

**Observation Text :**

The details of the assets like make, model, location etc not available in FAMs for identification. No details or documents available for the communication to the insurance company during 18-19. (Sample Size: 01-Apr-18 to 07-Mar-19)

Response:- Assets purchased have the warranty and no deletions during the year. Further we will intimate Corporate in this regard.

2: Whether insurances claims, if any are settled without any delay? **NC**

Rating: 7

Attachments :

QUE8\_DOC\_20190429\_172300.xlsx

**Observation Text :**

Statement for tracking the insurance claims(claimed, received and pending) was not available during our verification. Details available as per the records for Rs.3.25 Lakhs maintained by the Engineering and FINANCE Teams(As on 28-Feb-19) are given in Annexure. Response:- We will maintain a list for tracking. Response provided in Annexure.

**Section:** Fixed Assets Management**Subsection:** Control on Fixed Assets

1: Whether all the Assets are tagged? **NC**

Rating: 7

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QUE9\_DOC\_20190429\_170722.xlsx

**Observation Text :**

New assets amounting to Rs.41.44lakhs were not tagged and also observed that few tags were not available and few tags were not clear to track the asset tag no.during physical verification on 21-Feb-19 & 22-Feb-19. (Sample Size: 74 items verified-AC Refrigeration, Kitchen Equipments & Electrical Installations) Response not provided

2: Whether all the departments have a list of assets under their usage, updated with all the inclusions and deletions during the year? **NC**

Rating: 0

**Observation Text :**

Not followed

3: Whether such details are shared with the accounts department for their yearly consolidation and update in the Fixed Assets register? **NC**

Rating: 0

**Observation Text :**

Not followed. Response not provided

4: What is the frequency of taking physical verification of the assets by each of the department and accounts department? **NC**

Rating: 0

Observation Text :

Not followed. Response not providea

5: When was the last physical verification done by the departments and the Finance department and whether the variance are debited to the department service charge for short variance. **NC**

Rating: 0

Observation Text :

Not followed. Response not provided.

6: In case of excess variance, whether the list of assets are tallied with the opening numbers, additions and deletions and approvals are documented? **NC**

Rating: 7

Attachments :

QUE14\_DOC\_20190429\_170757.xlsx

QUE14\_DOC\_20190429\_170801.xlsx

Observation Text :

Not followed. During cross verification of assets with details in FAMS it was observed

a) In 5 instances Transportation, Clearing charges etc., amounting to Rs.3.74 Lakhs incurred towards the asset is shown as separate asset (with asset id) in FAMS instead of adding the amount to the respective asset. (Sample Size: Apr'18-Jan'19)

b) A few assets amounting to Rs.0.73 lakh were not in working condition (2-11 days) during physical verification on 21-Feb-19 & 22-Feb-19. (Sample Size: 74 items verified-AC Refrigeration, Kitchen Equipments & Electrical Installations)

Response:- a) These bills were received late from vendors, so we treated as separate entry in FAMS. We will consider with stat auditors and will account accordingly. b) We will check with user departments for repairable assets

7: Who authorizes the no further usage condition and whether documentations are available with the department head signature and the authority defined as per SOP? ☒

Not Applicable

8: Whether scrap note is raised and quotations are obtained and approved as per SOP?

☒ Not Applicable

9: Are there any unusual delays in approving the scrap note, and whether proper follow-up done for the early clearance of the same? ☒ Not Applicable

10: Whether scraps are disposed off at agreed rates only and in case of variance, whether the same are adjusted and ratified? ☒ Not Applicable

11: Whether the proceeds are properly accounted without any delay? ☒ Not Applicable

12: Whether the depreciation rates charged are as per the applicable rules? **NC**

Rating: 7

Attachments :

QUE20\_DOC\_20190429\_172343.xlsx

QUE20\_DOC\_20190429\_172346.xlsx

Observation Text :

Depreciation is being calculated on the Cost of Asset instead of net value(Cost-Salvage Value) leading to excess accounting of depreciation amounting to Rs.1.36 Crores. (Sample Size: 2011-2019) Response:- We will inform to the concerned at Corporate and will follow accordingly.

13: Whether the assets transferred to other units and sold during the year updated in Fixed Assets Register(FAMS). ☒ Not Applicable

14: Are there any assets not in working condition and whether the same are communicated to the concerned department for taking action?

Rating: 9

Observation Text :

Found Satisfactory.

15: Are there any difference between the GRN date and the assets put to use date?

**NC**

Rating: 7

Attachments :

QUE23\_DOC\_20190429\_171524.xlsx

QUE23\_DOC\_20190429\_171527.xlsx

Observation Text :

a) In 6 instances details like date of receipt, put to use were differing for assets amounting to Rs.3.77 Lakhs capitalised in FAMS. b) In 4 instances assets amounting to Rs.1.89 Lakhs received in 2016-17 & 2017-18 capitalised in 2018-19 in 4 instances. (Sample Size: NA) Response:- a) as per stat audit advice we taken GRN Date as Put to use Date b) issue made in 18-19 hence we treated as assets in this FY

16: Are there any delay in raising PO from the date of approval?

Rating: 9

Observation Text :

Satisfactory.

17: ARE there any delay in raising GRN from the date of goods receipt? **NC**

Rating: 7

Attachments :

QUE25\_DOC\_20190429\_171748.xlsx

Observation Text :

In 5 instances delay ranging from 7-12 days was observed in raising GRNs amounting to Rs.1.02 Lakhs from inward date.(Delivery Challan) date (Sample Size: Apr'18-Jan'19). NOTE: MATERIAL INWARD REGISTER CANNOT RETRIEVED FROM

SIMS( at TIME OFFICE) Response:- Delay in making PO

18: Whether the item description, quantity, tax etc tallies as per GRN, Bill, FAMS? **NC**

Rating: 7

Attachments :

QUE26\_DOC\_20190429\_171812.xlsx

Observation Text :

a) In 4 instances difference in quantity as per IDS and FAMS was observed. b) In a couple of instances "USD" was selected while raising GRN for assets received but the value updated as per Indian currency.(Sample Size: Apr'18-Jan'19). Response:- Provided in Annexure.

**Section:** Fixed Assets Management

**Subsection:** Physical Verification

1: Whether the Opening balance tallies as per IDS ledger and Asset Register ( FAMS)?

Rating: 9

Observation Text :

Found satisfactory.

**Section:** Fixed Assets Management

**Subsection:** Statutory Requirements

1: Whether Items in nature of replacement of assets tagged in FAMS to the relevant asset code and the prior items de-recognised as per REVISED Ind AS16? **NC**

Rating: 0

Attachments :

QUE28\_DOC\_20190429\_171648.xlsx

Observation Text :

In 33instances items amounting to Rs.7.84 lakhs in nature of replacement were not tagged in FAMS and prior items not derecognised as per Revised AS-10. (Sample Size: Apr'18-Jan'19) Response not provided.