

Audit Report for Audit ID - AU00261-2

VA-Stores Function

Audit Score

76/100

Details

Audit	AU00261
Scheduled Audit	AU00261-2
Location	Hyderabad
Hotel	Marigold Hotel
Department	Finance
Checklist	VA-Stores Function
Audit Type	External
Auditor	Saritha C
Start Date	11-07-2019
End Date	18-07-2019
Submitted Date	17-07-2019
Status	Completed
Assigned By	Administrator Account
Non-Compliance	19
Chronic Issues	11

Comparison

MARIGOLD HOTEL VA-STORES FUNCTION					
VA-STORES FUNCTION		Oct 2018	Jul 2019	VARIANCE	% of Increase / Decrease (-/ +)
S.No	Sections	SCORE OBTAINED	SCORE OBTAINED		
1	Stores	79	76	-3	-3.8%
Audit Score		● 79	● 76	-3	-3.8%

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

Non-Compliance

Section: Stores

Subsection: Receiving procedures

- 1: Whether date and GRN serial numbers are in seriality? **NC**

Rating: 7

Attachments :

QUE2_DOC_20190717_114319.xls

Observation Text :

Seriality break was observed in raising GRNs. Response: Noted the Deviation, We will raise the GRN in current date only

- 2: Whether any Back dated GRNs raised ? Any approvals available for the same ? **NC**

Rating: 7

Attachments :

QUE3_DOC_20190717_115026.xls

Observation Text :

Access has been given to raise the GRN with prior date of 3 days. (IDS Option - Enabled for Stores & Receiving). Response:BECAUSE OF PO AUTHORAISE WAS NOT DONE ON TIME

- 3: Whether returns, shortages, rejections are informed to purchase and accounts departments so that debit notes are raised accordingly and such returns, shortages , rejections are acknowledged by the vendor? **NC**

Rating: 7

Attachments :

QUE6_DOC_20190717_115253.xls

Observation Text :

AS PER POLICY: The material rejected after reaching stores / departments need to be sent back only by making Goods Return Note in IDS. It is preferred to have rejection rack where all rejected items are stored with complete details and remarks. Observations: It was observed that there is no register or track for the stock Returned / Rejection / replacement of Expiry items. No separate rack is available .

- 4: Whether the expiry date is updated in IDS at the time of receipt and tracked by the stores and followed up with the respective departments for their usage? **NC**

Rating: 7

Attachments :

QUE8_DOC_20190717_115951.xls

Observation Text :

No expiry dates were updating in IDS at the time of receipt of materials, in 802 GRNs. (Sample Size : Apr '19 to 20th June 19 (3437 GRNs - 100%) Response: WE ARE MENTIONING THE EXPIRED DATES THAT WAS NOT SHOWING IN THE RECEIPT REGISTER REGARDING THAT WE HAVE MAILED TO THE IT AND THEY ARE RESOLVING

5: As per SOP, F & B Controller has to raise the GRN for perishables items using weighing scale for the items received after office hours, paid holidays and on all sundays.

Is this followed? **NC**

Rating: 0

Observation Text :

Non-adherence to SOP, not following the same. Response:Noted, informed the security team to call the controls for verification

6: Any delay in raising GRN on receipt of materials? **NC**

Rating: 7

Attachments :

QUE10_DOC_20190717_120344.xls

Observation Text :

Delay of 5 to 32 days in raising GRNs, amounting to Rs.0.76 lakhs, in 38 instances. (Sample Size : Apr '19 to 20th June 19 (150 GRNS)

7: Are there any receipt of material without Purchase order and whether the same are authorized by the Unit head in the specific "Authorization Form" and whether the same are attached with the PO/GRN. **NC**

Rating: 7

Observation Text :

Observed that "Authorization Forms" were not attached with the GRN for the material received without PO.

8: Is the security guard present during the receipt of material ? **NC**

Rating: 7

Observation Text :

On physical round at Receiving area as on 24-06-19 @ 11.45 AM, observed that no Chef was available at the time of receiving fruits.

9: Are there any GRN's that are raised before PO and on same date also? **NC**

Rating: 7

Attachments :

QUE17_DOC_20190717_131046.xls

Observation Text :

GRN raised on the same PO date amounting to Rs.3.50 Lakhs, in 300 instances. (Sample Size: 3437 GRNs). Response: For Liquor and english vegetables we are raising the PO After receiving the material

Section: Stores

Subsection: Indenting Process and Issue Controls

1: "Whether all the materials issued from stores have proper indents signed by both the receiver and the issuer and wherever such documents are not available, whether such issues were updated in the register signed as per SOP and updated in IDS the subsequent day? **NC**

Rating: 7

Attachments :

QUE21_DOC_20190717_132009.xls

QUE21_DOC_20190717_132013.xls

Observation Text :

It was observed that issues were not properly updated in IDS. Further observed that indents were modifying by the Stores incharge, in 278 instances. (Sample Size: 10 Days verified - Apr'19 to June'19)

- 2: Are there any pending indents? Status of the same to be given here **NC**

Rating: 7

Attachments :

QUE23_DOC_20190717_133448.xls

QUE23_DOC_20190717_133453.xls

Observation Text :

Pending indents upto 79 days were observed in 843 instances. Further fresh indents were raised despite of pending indents in 323 instances. (Sample Size: As on 19-Jun-19) Response: we will intimate to IT Dept and will check in IDS for the option.

Section: Stores

Subsection: Physical Verification

- 1: Whether 100% physical verification is carried out on monthly basis with all issues and receipts freezed? **NC**

Rating: 7

Observation Text :

As per SOP, Physical verification of F & B items, Liquor and Soft Drinks stores to be carried out on every monthend. Physical Inventory Documents were not available for verification at the time of our audit, only few documents available. (Sample Size: As on 23-June-19)

- 2: Wherever variances are derived (short / excess), whether such variances are authorized, and action taken are documented? **NC**

Rating: 7

Observation Text :

Monthend PID documents for F & B Stores and Soft Drinks were not available for verification for the months of Apr '19 and May '19 and further observed that variances were not adjusted in the IDS. (Sample Size: As on 23-Jun-19)

- 3: Physical verification to be done and variances to be reported **NC**

Rating: 7

Attachments :

QUE26_DOC_20190717_134306.xls

QUE26_DOC_20190717_134310.xls

QUE26_DOC_20190717_134313.xls

QUE26_DOC_20190717_134317.xls

Observation Text :

Physical verification was carried out for F & B, Liquor, Soft Drinks and General stores as on 13-06-19 & 19-06-19 and the variances were observed. No variances were

found in Liquor items . (Sample Size : As on 13-06-19 & 19-06-19)

Section: Stores

Subsection: Stock levels

1: When was the last date of revision of stock levels made? **NC**

Rating: 7

Observation Text :

No stock levels were updated till as on date of audit (Sample Size: As on 17-Jun-19)

2: Whether all the stock levels are maintained as per levels fixed? - Maximum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE30_DOC_20190717_135216.xls

Observation Text :

Maximum Level not defined for Food and General Items in 67 and 105 instances.

Non-adherence to DOA (Sample Size: As on 17-Jun-19)

3: Whether all the stock levels are maintained as per levels fixed? - Re-order level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE31_DOC_20190717_135736.xls

Observation Text :

F & B and General items were stocked 100 % above the maximum stock level in 3 and 27 instances. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

4: Whether all the stock levels are maintained as per levels fixed? - Minimum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE32_DOC_20190717_135825.xls

Observation Text :

In 217 items, stock was below minimum level and complete details of item issued to user departments for the period of Apr'19 to 17-Jun-19. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

5: Status of non-moving stock to be reported and to check and report whether any Non Moving stock was re-purchased during audit period **NC**

Rating: 7

Attachments :

QUE33_DOC_20190717_141046.xls

Observation Text :

Non-Moving stock of F & B and General items as on 19-06-19, Rs.0.86 Lakhs worth of stock were lying for more than a year in 19 instances. And Rs.5932/- worth of F & B items were not moved for more than 180 days. No items were re-purchased during our audit period. (Sample Size: As on 19-Jun-19)

Chronic

Section: Stores

Subsection: Receiving procedures

- 1: Whether date and GRN serial numbers are in seriality? **NC**

Rating: 7

Attachments :

QUE2_DOC_20190717_114319.xls

Observation Text :

Seriality break was observed in raising GRNs. Response: Noted the Deviation, We will raise the GRN in current date only

- 2: Whether any Back dated GRNs raised ? Any approvals available for the same ?

NC

Rating: 7

Attachments :

QUE3_DOC_20190717_115026.xls

Observation Text :

Access has been given to raise the GRN with prior date of 3 days. (IDS Option - Enabled for Stores & Receiving). Response:BECAUSE OF PO AUTHORAISE WAS NOT DONE ON TIME

- 3: As per SOP, F & B Controller has to raise the GRN for perishables items using weighing scale for the items received after office hours, paid holidays and on all sundays. Is this followed? **NC**

Rating: 0

Observation Text :

Non-adherence to SOP, not following the same. Response:Noted, informed the security team to call the controls for verification

Section: Stores

Subsection: Indenting Process and Issue Controls

- 1: Are there any pending indents? Status of the same to be given here **NC**

Rating: 7

Attachments :

QUE23_DOC_20190717_133448.xls

QUE23_DOC_20190717_133453.xls

Observation Text :

Pending indents upto 79 days were observed in 843 instances. Further fresh indents were raised despite of pending indents in 323 instances. (Sample Size: As on 19-Jun-19) Response: we will intimate to IT Dept and will check in IDS for the option.

Section: Stores

Subsection: Physical Verification

1: Wherever variances are derived (short / excess), whether such variances are authorized, and action taken are documented? **NC**

Rating: 7

Observation Text :

Monthend PID documents for F & B Stores and Soft Drinks were not available for verification for the months of Apr '19 and May '19 and further observed that variances were not adjusted in the IDS. (Sample Size: As on 23-Jun-19)

2: Physical verification to be done and variances to be reported **NC**

Rating: 7

Attachments :

QUE26_DOC_20190717_134306.xls

QUE26_DOC_20190717_134310.xls

QUE26_DOC_20190717_134313.xls

QUE26_DOC_20190717_134317.xls

Observation Text :

Physical verification was carried out for F & B, Liquor, Soft Drinks and General stores as on 13-06-19 & 19-06-19 and the variances were observed. No variances were found in Liquor items . (Sample Size : As on 13-06-19 & 19-06-19)

Section: Stores

Subsection: Stock levels

1: When was the last date of revision of stock levels made? **NC**

Rating: 7

Observation Text :

No stock levels were updated till as on date of audit (Sample Size: As on 17-Jun-19)

2: Whether all the stock levels are maintained as per levels fixed? - Maximum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE30_DOC_20190717_135216.xls

Observation Text :

Maximum Level not defined for Food and General Items in 67 and 105 instances. Non-adherence to DOA (Sample Size: As on 17-Jun-19)

3: Whether all the stock levels are maintained as per levels fixed? - Re-order level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE31_DOC_20190717_135736.xls

Observation Text :

F & B and General items were stocked 100 % above the maximum stock level in 3 and 27 instances. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

4: Whether all the stock levels are maintained as per levels fixed? - Minimum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE32_DOC_20190717_135825.xls

Observation Text :

In 217 items, stock was below minimum level and complete details of item issued to user departments for the period of Apr'19 to 17-Jun-19. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

5: Status of non-moving stock to be reported and to check and report whether any Non Moving stock was re-purchased during audit period **NC**

Rating: 7

Attachments :

QUE33_DOC_20190717_141046.xls

Observation Text :

Non-Moving stock of F & B and General items as on 19-06-19, Rs.0.86 Lakhs worth of stock were lying for more than a year in 19 instances. And Rs.5932/- worth of F & B items were not moved for more than 180 days. No items were re-purchased during our audit period. (Sample Size: As on 19-Jun-19)

Audit Questionnaire

Section: Stores

Subsection: Receiving procedures

- 1: Whether the cameras at receiving area and stores in working condition ?

Rating: 9

Observation Text :

Satisfactory

- 2: Whether date and GRN serial numbers are in seriality? **NC**

Rating: 7

Attachments :

QUE2_DOC_20190717_114319.xls

Observation Text :

Seriality break was observed in raising GRNs. Response: Noted the Deviation, We will raise the GRN in current date only

- 3: Whether any Back dated GRNs raised ? Any approvals available for the same ? **NC**

Rating: 7

Attachments :

QUE3_DOC_20190717_115026.xls

Observation Text :

Access has been given to raise the GRN with prior date of 3 days. (IDS Option - Enabled for Stores & Receiving). Response:BECAUSE OF PO AUTHORAISE WAS NOT DONE ON TIME

- 4: Whether approvals are documented along with the reasons for any missing seriality?

Rating: 9

Observation Text :

Observed that GRN NO.1991 was missing in IDS and the same was deleted by IT department. (Sample Size : Apr '19 to 20th June '19 (3437 GRNs)

- 5: Are the department personnel available during the Inward of materials pertaining to respective department ?

Rating: 9

Observation Text :

Satisfactory

- 6: Whether returns, shortages, rejections are informed to purchase and accounts departments so that debit notes are raised accordingly and such returns, shortages , rejections are acknowledged by the vendor? **NC**

Rating: 7

Attachments :

QUE6_DOC_20190717_115253.xls

Observation Text :

AS PER POLICY: The material rejected after reaching stores / departments need to be sent back only by making Goods Return Note in IDS. It is preferred to have rejection rack where all rejected items are stored with complete details and remarks. Observations: It was observed that there is no register or track for the stock Returned / Rejection / replacement of Expiry items. No separate rack is available .

7: Whether all receipt of materials are made along with Delivery challans and invoices, acknowledged by the receiver and surprise verification to be done during the audit for receipt of materials without invoices and rating to be given on such basis.

Rating: 9

Observation Text :

Satisfactory

8: Whether the expiry date is updated in IDS at the time of receipt and tracked by the stores and followed up with the respective departments for their usage? **NC**

Rating: 7

Attachments :

QUE8_DOC_20190717_115951.xls

Observation Text :

No expiry dates were updating in IDS at the time of receipt of materials, in 802 GRNs. (Sample Size : Apr '19 to 20th June 19 (3437 GRNs - 100%) Response: WE ARE MENTIONING THE EXPIRED DATES THAT WAS NOT SHOWING IN THE RECEIPT REGISTER REGARDING THAT WE HAVE MAILED TO THE IT AND THEY ARE RESOLVING

9: As per SOP, F & B Controller has to raise the GRN for perishables items using weighing scale for the items received after office hours, paid holidays and on all sundays. Is this followed? **NC**

Rating: 0

Observation Text :

Non-adherence to SOP, not following the same. Response:Noted, informed the security team to call the controls for verification

10: Any delay in raising GRN on receipt of materials? **NC**

Rating: 7

Attachments :

QUE10_DOC_20190717_120344.xls

Observation Text :

Delay of 5 to 32 days in raising GRNs, amounting to Rs.0.76 lakhs, in 38 instances. (Sample Size : Apr '19 to 20th June 19 (150 GRNS)

11: Are there any receipt of material without Purchase order and whether the same are authorized by the Unit head in the specific "Authorization Form" and whether the same are attached with the PO/GRN. **NC**

Rating: 7

Observation Text :

Observed that "Authorization Forms" were not attached with the GRN for the material received without PO.

12: Whether any material received on Sundays / holidays or after Working hours such as before 9am and after 6pm, were received jointly in the presence of Security and user department and whether the same were authorized by the Purchase, Finance Manager and Unit Head in the "ODD Hour Receipts- Authorization Form".

Rating: 8

Observation Text :

Satisfactory and verified as on 17-June-19 .(Sample Size: Apr'19 to 20th June'19)

13: Is the security guard present during the receipt of material ? **NC**

Rating: 7

Observation Text :

On physical round at Receiving area as on 24-06-19 @ 11.45 AM, observed that no Chef was available at the time of receiving fruits.

14: Security seal affixed on the invoice during the receipt of material ?

Rating: 9

Observation Text :

Security seal affixed on the Invoices / DC for the receipt of material.

15: Whether the material type and quantity of goods matching as per the security inward register and GRN and is the inward of material updated in security material inward register with complete details ?

Rating: 9

Observation Text :

Satisfactory

16: Whether payments are made only for the received quantity?

Rating: 9

Observation Text :

Payments made for the received quantity.

17: Are there any GRN's that are raised before PO and on same date also? **NC**

Rating: 7

Attachments :

QUE17_DOC_20190717_131046.xls

Observation Text :

GRN raised on the same PO date amounting to Rs.3.50 Lakhs, in 300 instances. (Sample Size: 3437 GRNs). Response: For Liquor and english vegetables we are raising the PO After receiving the material

18: Whether all the issues that were done after stores working hours are updated in the ODD HOUR register with all the relevant details?

Rating: 9

Attachments :

QUE18_DOC_20190717_131354.xls

Observation Text :

Verified the Odd Hour Register as on 17-Jun-19, it was observed that items were issued to the user department and the same not updated in IDS, in 2 instances.

19: Whether PO and GRN quantity are matched and if not Whether short received PO's are closed after confirming the inability to supply and reasons are documented?

Rating: 9

Observation Text :

Short received PO's were closed and reasons were documented, (Sample Size: Apr'19 to June'19)

Section: Stores

Subsection: Segregation of duties

1: Whether proper segregation of duties are made for receiving and approving the GRN and payment and no single person has a complete control over all the activities?

Rating: 9

Observation Text :

Material will be received and GRNs will be raised by Receiving person, Verified by Stores and Payments by Accounts Department. (Sample Size: Payment vouchers of 4 days)

Section: Stores

Subsection: Indenting Process and Issue Controls

1: "Whether all the materials issued from stores have proper indents signed by both the receiver and the issuer and wherever such documents are not available, whether such issues were updated in the register signed as per SOP and updated in IDS the subsequent day? **NC**

Rating: 7

Attachments :

QUE21_DOC_20190717_132009.xls

QUE21_DOC_20190717_132013.xls

Observation Text :

It was observed that issues were not properly updated in IDS. Further observed that indents were modifying by the Stores incharge, in 278 instances. (Sample Size: 10 Days verified - Apr'19 to June'19)

2: Whether all the issues that were done after stores working hours as updated in the ODD HOUR register are updated in IDS with all the accurate details on the subsequent day?

Rating: 9

Observation Text :

Satisfactory

3: Are there any pending indents? Status of the same to be given here **NC**

Rating: 7

Attachments :

QUE23_DOC_20190717_133448.xls

QUE23_DOC_20190717_133453.xls

Observation Text :

Pending indents upto 79 days were observed in 843 instances. Further fresh indents were raised despite of pending indents in 323 instances. (Sample Size: As on 19-Jun-19) Response: we will intimate to IT Dept and will check in IDS for the option.

Section: Stores**Subsection: Physical Verification**

1: Whether 100% physical verification is carried out on monthly basis with all issues and receipts freezed? **NC**

Rating: 7

Observation Text :

As per SOP, Physical verification of F & B items, Liquor and Soft Drinks stores to be carried out on every monthend. Physical Inventory Documents were not available for verification at the time of our audit, only few documents available. (Sample Size: As on 23-June-19)

2: Wherever variances are derived (short / excess), whether such variances are authorized, and action taken are documented? **NC**

Rating: 7

Observation Text :

Monthend PID documents for F & B Stores and Soft Drinks were not available for verification for the months of Apr '19 and May '19 and further observed that variances were not adjusted in the IDS. (Sample Size: As on 23-Jun-19)

3: Physical verification to be done and variances to be reported **NC**

Rating: 7

Attachments :

QUE26_DOC_20190717_134306.xls

QUE26_DOC_20190717_134310.xls

QUE26_DOC_20190717_134313.xls

QUE26_DOC_20190717_134317.xls

Observation Text :

Physical verification was carried out for F & B, Liquor, Soft Drinks and General stores as on 13-06-19 & 19-06-19 and the variances were observed. No variances were found in Liquor items . (Sample Size : As on 13-06-19 & 19-06-19)

4: Any expired stock found during the Physical verification of Stores and whether the same are disposed properly?

Rating: 8

Observation Text :

No expiry stock was found at the time of physical verification of stores. (Sample Size: As on 19-Jun-19)

5: Are the expired and damaged material placed in separate rack ?

Rating: 8

Observation Text :

No stock. (Sample Size: As on 19-Jun-19)

Section: Stores

Subsection: Stock levels

1: When was the last date of revision of stock levels made? **NC**

Rating: 7

Observation Text :

No stock levels were updated till as on date of audit (Sample Size: As on 17-Jun-19)

2: Whether all the stock levels are maintained as per levels fixed? - Maximum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE30_DOC_20190717_135216.xls

Observation Text :

Maximum Level not defined for Food and General Items in 67 and 105 instances.

Non-adherence to DOA (Sample Size: As on 17-Jun-19)

3: Whether all the stock levels are maintained as per levels fixed? - Re-order level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE31_DOC_20190717_135736.xls

Observation Text :

F & B and General items were stocked 100 % above the maximum stock level in 3 and 27 instances. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

4: Whether all the stock levels are maintained as per levels fixed? - Minimum stock level to be analyzed and reported **NC**

Rating: 7

Attachments :

QUE32_DOC_20190717_135825.xls

Observation Text :

In 217 items, stock was below minimum level and complete details of item issued to user departments for the period of Apr'19 to 17-Jun-19. Non-adherence to DOA. (Sample Size: As on 17-Jun-19)

5: Status of non-moving stock to be reported and to check and report whether any Non Moving stock was re-purchased during audit period **NC**

Rating: 7

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QUE33_DOC_20190717_141046.xls

Observation Text :

Non-Moving stock of F & B and General items as on 19-06-19, Rs.0.86 Lakhs worth

of stock were lying for more than a year in 19 instances. And Rs.5932/- worth of F & B items were not moved for more than 180 days. No items were re-purchased during our audit period. (Sample Size: As on 19-Jun-19)

6: Are there any stocks that are not tagged with appropriate levels?

Rating: 8

Observation Text :

Satisfactory

Section: Stores

Subsection: Material code creation

1: Whether authority to create code is only with the Finance team?

Rating: 8

Observation Text :

Satisfactory.

2: Are there any duplicate code created and used for the same material and whether such codes are made passive?

Rating: 8

Attachments :

QUE36_DOC_20190717_140500.xls

Observation Text :

It was observed that duplicate item codes were created for 6 items in IDS and the same were in Active Mode. (Sample Size : As on 19-Jun-19)

Section: Stores

Subsection: Weight Calibration

1: Whether valid calibration certificates are available for all the weighing machines used at the unit?

Rating: 9

Observation Text :

Valid Till May '20