Hotel Industry Audit (Food and Beverages)

by

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Date: 18.11.2017

Objective of today's session

- Overview on Hotel Industry

- Tax Structure under GST

- Indenting Controls

- Menu Rates

- Billing process

- Bill Audit

- Buffet Controls

- Physical Verification

- Licenses to be obtained to run bar & restaurant.

Overview on Hotel Industry

- Hotel Industry is one of the competitive industry where guest satisfaction is one of the primary objective.

- Primary revenue generation operations of a Hotel are:
    - Sale of rooms by front office
    - Food and beverages services
    - Banquet Halls

- Food and beverages contribute second highest revenue from operations.

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Tax Structure Under GST

- Tax structure under GST is as follows

Particulars	GST rate
Restaurants where there is no facility of air conditioning or central air heating in any part of the establishment at any time during the year	12%
Restaurants Having no facility of air conditioning or central air heating in any part of the establishment at any time during the year	18%
Restaurants having license to sell liquor(whether air conditioned or not)	18%

Note: The above rates are applicable from 01-07-17 to 14-11-17

GST Rates(Contd...)

- In case Audit is conducted after 14-11-17 GST rates applicable are

Particulars	GST Rate
Restaurants which are located in a inn, hotel, guest houses or commercial houses meant for residential or lodging purposes having declared tariff of any unit of accommodation of RS7500/- per day	18%
Restaurants, other than those which are located in a inn, hotel, guest houses or commercial houses meant for residential or lodging purposes having declared tariff of any unit of accommodation of RS7500/- per day	5%

Indenting Controls

What is an Indent?

- An indent is similar to requisition which is used as inter-departmental document and in which we summarize the quantity of ingredients required.

- **Audit program:**

  - The first step is to check indenting process which is specified in SOP (Standard Operating procedure).

  - Discuss with the concerned personnel about the process they are following and in case of any deviations it is to be reported.

  - Check the indenting method (i.e online or manual). In case it is manual take all the personals signature specimen.

  - Check the levels of authorization (i.e level one and level two) .

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Indenting Controls (Contd....)

- In case of pending indents, reasons for the same are to be taken.

- After the issue of requisite goods check whether indents are closed by Stores.

- Check whether the respective outlets are collecting material from the Stores on the dates allotted to them, if not reasons are to be taken.

- Materials should not be issued in case all authorizations are done by only one person (i.e there is no Maker- checker control)

- Technical Issues which are to be considered in case indent is done online:

  - Without level one authorization, level two authorization should not be made.

  - Access should not be given for one person to do different levels of authorization.

  - Controls should be there to see that stock cannot be issued against an unauthorized indent.

Menu Rates

Audit program:

- Obtain physical menus from outlets and compare them with the rates stored on the software.

- In case of change in menu rates check the authorization for the same.

- In case of multiple outlets, check how rates are charged in different outlets. (eg: food items in bar are sold for huge rates).

- In case of open items, Mechanism should be known how rates are charged for open items and those rates are to be authorized by competent person.

- In case of any discounts, verify whether it is in accordance with the policy and proper authorizations are received.

- Analysis is to be done to see that whether same item is feeded in system with two different codes.

Billing Process

Billing process can be summarized as follows:

- As soon as the guest arrives, GSA (Guest Service Associate) shall place the menu card.
- After few minutes once the guest is ready with order, GSA should take order.
- Once order is taken KOT (kitchen order taking) shall be raised by the cashier. Any special instructions are to be mentioned against modified KOT in the system.
- Once KOT is raised it is received by chef in main kitchen and dish will be prepared accordingly.
- Once the dish is ready it is served to the guest.

Billing process(Contd..)

- Presenting and clearing a check
  - When the guest is having their last course, and do not want to order for any other item (only in case specified already by him/her) the GSA should go to the cashier and ask him to prepare the bill for that table, identifying it by the number assigned to it
  - Necessary discounts given are to be printed on bill clearly. Bill should be placed in a bill folder and given to the guest.
  - Once it is ascertained that guest has made the payment, bill folder is to be taken to the cashier for settlement.

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Audit Program:

- Verify whether taxes charged are in accordance with GST rates.

- Ensure that GST is not to be charged for liquor.

- Check whether paid stamps are affixed on bills.

- In case amount is paid through credit card, credit card slip is to be attached to the bill.

- Check whether Service charges are not charged (According to Supreme court order, service charges are to be charged at the discretion of the guest).

- Check whether manual insertions are made on bills.

- In case a room guest is dining at restaurant and want the bill to be included in his final room bill, check whether room number and guest signature is there on bill.

Buffet Controls

- Check whether proper induction is giving to guest service associate about buffet settings.
- Check whether all the items in buffet are placed according to SOP.
- Check whether the platform where items are placed is clean and hygiene.
- Check whether all the name tags are placed in front of the dishes before starting buffet.
- In case of live counters check whether the person is wearing surgical caps and gloves.
- Check whether all the utensils are clean.

Physical Verification

- Physical verification is to be done on a monthly basis.

- In case any differences are noted between physical stock and book stock, reasons are to be taken.

- Check whether the differences are properly accounted in the books of accounts.

- Check whether any expired stock is maintained in the stores.

Licenses to be obtained to run a restaurant

- To serve liquor and food in restaurants licenses are to be maintained.
- The following are the licenses which are to be maintained

Microsoft Excel
Worksheet

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Thank you!!!

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