

**INTERNAL AUDIT DEPARTMENT
HOTEL AUDIT PROGRAM**

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W/P REF		Initials & Date
	REVENUE	
	<p>Audit Objectives</p> <ol style="list-style-type: none"> 1. To ascertain that all billable services are properly reported and accurately reflected in the financial statements. 2. To determine that adjustments to revenue are appropriate and approved. 3. To determine that Company procedures and policies regarding revenue recording and reporting are carried out in accordance with current requirements. 4. To ensure that controls and procedures in use are efficient, effective and economical. <p>Audit Program</p> <ol style="list-style-type: none"> 1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high, consult with In-Charge or prepare SAFs. 2. Obtain vouchers for all revenue adjustment transactions (today's voids, non-guest paid outs, guest paid outs, previous day corrections, and refunds) for two test days (one week day and one weekend day) selected during pre-audit. <ul style="list-style-type: none"> A. Trace total voucher amount to <u>final</u> revenue detail report to determine if all adjustments are supported by vouchers. If vouchers do not balance, document procedures for daily balancing. B. Review vouchers for propriety, proper completion (guest name, room or account number, date, amount, adequate explanation, and name of preparer), and approval. Refund vouchers and guest paid outs should include guest signature. Paid outs should be supported with a receipt. <p>Evaluate volume of vouchers and exceptions noted to determine if testing should be expanded. For expanded testwork, perform C.</p> <p>Note: Auditors should use judgment on the level of detail documentation required. For hotels using System 21, include copies of the All Users-Voucher List reports for the test days.</p> <ul style="list-style-type: none"> C. Test an additional _____ days' vouchers only for those attributes in which deficiencies were noted in original scope. Trace to folios as deemed necessary. Selection of additional days should be based on causes of deficiencies (e.g. controls lax only on weekends). 3. Based on pre-audit analysis and ICQ assessment test 100% Guarantee vouchers, if warranted. (Note: determine during pre-audit if the property participates in the program, i.e., conference centers and other non-brand hotels may not participate.) Agree most recent month vouchers and/or logs to the IDAR, or other monthly final revenue report. 4. Based on the P&L review, determine if Guaranteed No-shows were consistently billed. Perform testing as deemed necessary, i.e., Variances 	

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	<p>to budget and history are unfavorable, and there is no current month activity.</p> <p>5. Document in memo form; Vacant room inspection procedures.</p> <ul style="list-style-type: none"> -Are all rooms not reporting revenue inspected daily? -What report is used for the inspection? -Who performs the inspection? -What time is the inspection performed? -How is the inspection documented? -How are carryovers and late check-ins treated? -What time are discrepancies reported to the front desk? -GNS inspection procedures, if applicable. <p>6. Obtain contract between hotel and Pay TV provider. <u>Include copy of commission terms in W/Ps.</u> Discuss procedures for ensuring Pay TV revenue is recorded. Review Pay TV account per the P&L, noting YTD balance should normally be a profit. Perform step A or B.</p> <p>A. If property has On Command Video or other system with a percentage commission due the hotel, review last two months' invoices to determine if commission received complies with contract and amount remitted was properly calculated prior to payment. Test for any threshold provisions such as revenue PAR. <u>Include copies of invoices in w/ps.</u></p> <p>B. If property does not have a system with a percentage due hotel, evaluate profit/loss based on current assumptions. (i.e., budgeted at break even).</p> <p>7. Review P&L for telephone revenue. If materially unfavorable to budget and/or history (and for ALL ES, HI, HS, HIS, PVR), test as follows:</p> <p>Review two day's telephone reconciliations to ensure system is reconciled to daily revenue reports. Variances in excess of \$15 should be investigated and documented. <u>Include copies of reconciliations in w/ps.</u></p> <p>Otherwise, in memo form, document P&L analysis and pertinent information such as interfaced systems, daily balancing procedures, etc.</p> <p>8. Perform testing of other miscellaneous revenue sources applicable to the hotel such as parking, attraction ticket sales, etc. Discuss test approach with In-Charge as deemed necessary. <u>Include copies of documents to support testwork.</u></p> <p>9. Document discussions with Corporate Tax or CAO Senior Accountant. If warranted, test the following (test at all stand alone properties):</p> <p>A. Review tax documentation to determine that tax rates are appropriate for the following areas (as applicable):</p> <ul style="list-style-type: none"> Room service delivery charges Banquet service charges Package plans Mandatory restaurant service charges 	
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B. In addition, review Quarterly Tax Return documents and support to ensure the property has procedures in place to correctly identify, record and track tax-exempt sales (at stand alone properties only). For centralized properties, ask during pre-audit discussions if exempt sales are tracked.

10. Review lease/rental agreements for hotel space. Determine that recorded revenues agree to the terms specified. Include copies of applicable lease documents in w/ps (including restaurant lease, if applicable).

11. For hotels with company managed gift shops, perform the following:

A. Discuss with management procedures in place to verify all gift shop revenue is properly recorded. Ensure an inventory count is performed by management monthly.

B. Based on the P&L review, evaluate YTD gift shop profit margin for reasonableness as compared to budget.

12. Review significant observations with the General Manager and prepare MDPs and SAFs.

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	ACCOUNTS RECEIVABLE	

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Audit Objectives

1. To determine the accounts receivable balance as stated on the balance sheet is properly supported and that the supporting accounts receivable balances are bonafide and collectible.
2. To ensure controls and procedures in use are efficient, effective and economical.

Audit Program

1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high consult with In-Charge or prepare SAFs.
2. Review A/R aging:
 - A. Judgmentally select a sample of accounts from the aging ensuring all categories of receivables are adequately covered. Heavier concentration should be placed on old and unusual items. Total amount selected for testing would normally be between 15% and 20% of City Ledger. Test for the following: (Minimum sample size = 15)
 - Agreement to supporting documentation. Either file with all applicable folios, banquet checks, etc., or ability to review all billing items on-line.
 - Initial billing date timely, based on check-out date.
 - Consistent documentation of collection efforts.
 - Approved direct bill authorization.

NOTE: These attributes should also be tested for paid balances. If a separation of duties problem exists, trace payments from the mail check log, to posting reports, to the validated deposit slips.

B. Review for unusual items (i.e. credit balances, returned checks, skip accounts, one company with balance in several different categories). If material and unusual items are noted, test to determine if inadequacies in the control environment exist (e.g., review of the high balance report, Telecheck procedures, etc.)

C. Trace aging total to the General Ledger and to A/R recap.

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	<p>3. Obtain a current detail list of advanced deposits sorted by arrival date. Review list to determine if deposits are properly maintained (arrival date listed and not past due). Be aware that debits in this ledger may indicate procedural deficiencies.</p> <p>NOTE: General guidelines: deposits over one month past due should have</p>	

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been refunded or otherwise resolved. Perform testing as necessary

4. Determine if Corporate guest checks or property specific gift certificates are sold at the property. If so, in memo form, perform the following by observation:

- Bulk storage is restricted.
- Certificates are pre-numbered.
- Control log is used.
- Next available certificate on log is verified.

5. Obtain a current listing of guest ledger account balances. Review detail support on-line for unusual items and high balances to determine if non-current items or unbilled charges exist. **Note:** Purpose of this test is to determine that all accounts are transferred to city ledger or otherwise settled within 5 business days of function end or check out. The hotels may know these accounts as "Checked out with a balance", "House Accounts", "O Status accounts", "H Status accounts" or other variations. Some systems will automatically transfer accounts to the city ledger, other systems may "hold" the account on the guest ledger, pending an approved city ledger account number.

6. Review write-offs. If material, review selected write-offs for adequate support, proper collection efforts, proper approval (per approval matrix and management contract), and reason for write-off. Be alert to consistent causes (e.g., front desk personnel failure to follow established hotel policies).

7. Credit Card Chargebacks:

A. For properties using Doubletree and Red Lion manuals, test as follows:

- Ensure that no outstanding chargebacks remain as a reconciling item on the bank recs.
- Ensure that chargebacks are posted to the guest or city ledger. The amount should be adjusted against revenue. For some accounts, an A/R account may be set up for further collection attempts.
- Ensure that all inquiries and chargebacks are responded to timely.

B. For properties using business controls manuals, test as follows:

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<p>-Review YTD P&L balance for materiality.</p> <p>-Document procedures, determine: Hotel has admin account, cleared monthly. Account reconciled to the G/L monthly. Chargebacks are valid/supported. Invalid chargebacks collected through A/R.</p> <p>-Review two months' reconciliations. Reconciling items should be explained. <u>Include copies of reconciliations in workpapers.</u></p> <p>-Review three months' inquiries. Review documentation to ensure</p>	

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credit card inquiries were responded to by the due date to prevent automatic chargebacks.

-Review YTD AS400 detail for timely offset. Include AS400 printouts in workpapers.

8. Review the credits issued to credit card report obtained during pre-audit.

-Query six months, sorted cards. Include list in workpapers.

-If two or more credits, or if material, query corresponding charges. Include list in workpapers.

-Review possible duplications to ensure no duplicate credits were issued.

-If no corresponding charge, test ROCI and expand testing as necessary.

-Review credits on two most recent ROCIs for validity, support, approval, etc. Include copies in workpapers.

For decentralized hotels not using First Tennessee processing, enter the Last two months' credits into a spreadsheet and sort by credit card number. Follow-up on duplicate and/or material credits issued. Include spreadsheet in the workpapers. Expand testing as deemed necessary.

9. Obtain final trial balance **(A)** reports for the last week of the test month.

A. Review the allowance accounts for each day to verify that uncollectable accounts were not inappropriately allowed from revenue.

B. Trace unusual items to detail support.

C. Also, for properties using the business controls manual, verify that credit cards are allowed daily.

10. **For properties with leased restaurants:**

A. Document procedures for ensuring restaurant room charges are posted to the front desk system daily and verified against POS records.

B. Obtain one week's restaurants invoices and ensure amounts billed each day agree to the applicable final trial balance accounts. Discuss variances with management and expand testing as necessary.

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<p><u>Include copy of invoice in workpapers.</u></p> <p>C. If necessary, based on results of steps A. & B., review five days balancing documentation.</p> <p>11. Review significant observations with the General Manager and prepare MDPs and SAFs.</p>	

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	CASH	
	<p>Audit Objectives</p> <ol style="list-style-type: none"> 1. To ensure accountability exists for cash and cash equivalents received by the hotel and such accountability is properly maintained. 2. To ensure controls and procedures in use are efficient, effective and economical. <p>Audit Program</p> <ol style="list-style-type: none"> 1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high consult with In-Charge or prepare SAFs. 2. Obtain Deposit Witness Logs for test days selected. <u>Include copies in w/ps</u> Test for: <ul style="list-style-type: none"> • Signature of cashiers • Signature of witness to drops • Signature of person removing envelopes • Signature of witness to the removal of envelopes • Agreement of the number of envelopes removed and number dropped • Agreement of total deposit to certified deposit slip and final reports <p>Evaluate exceptions noted to determine if additional testing is necessary. If so, perform the following:</p> <p>Select additional ____ day's Deposit Witness Logs for testing. Review for deficiencies noted in original testing.</p> <ol style="list-style-type: none"> 3. Obtain Mail Check Registers (Logs) for the test days selected. Select alternate days for test days with no activity. <u>Include copies in w/ps.</u> <ol style="list-style-type: none"> A. Trace checks listed on the Mail Check Register to the Bank certified Deposit slip and to posting reports (final). B. Review Mail Check Registers to ensure: <ul style="list-style-type: none"> • Mail is opened/logged by person other than A/R designate • All checks individually listed on log • <u>Copies</u> of check log and checks are forwarded to A/R designate • Original checks are deposited in drop safe by receiver • Copies of check logs and checks to be filed chronologically (not a requirement at properties using DT or RL manuals) • Properties using business control manuals should have signatures of the three employees involved in recording, posting and verifying MCR. <p>Evaluate exceptions noted to determine if additional testing is necessary. If so, perform step C.</p>	
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C. Test one month's Mail Check Registers. Testing should be based on Exceptions noted in original testing.

4. -Review AS400 and bank recs for material o/s. Include copies in w/ps.
 -Document monitoring procedures and procedures for issuing warnings.
 -Review two months' o/s log for explanations and warnings issued.
Include copies in workpapers.
 -Review material j/e's noted during AS400 review. Test as necessary.
 -Trace large shortages to employee files for write-ups.

5. A. Document segregation of hotel funds and who has access. Agree total funds to the G/L.

B. Review count sheets from the most recent two months for all banks, excluding rotating banks. Include copies of count sheets in w/ps. Determine if banks are periodically, independently verified.

C. Observe opening of the house safe to ensure the combination is required for entry (i.e., the safe is not on day lock). Also, document the drop safe opening requirements. **NOTE:** Properties using business controls manuals require dual access for drop safes. Management should not be informed in advance of these procedures.

D. Perform surprise counts of main house funds. (All funds except rotating banks at EMB, HI, HS and HIS; main safe only at DT, DGS, RL) Include copy of the count in w/ps. If there are typically material variances in cashier bank counts (or if counts are not done monthly), count a sample of cashier banks. Include copy of the counts in w/ps. Investigate material variances. Review petty cash vouchers included in banks for old or unusual items. Investigate as necessary.

6. A. Prepare a deposit lag summary using the Cash Worksheet for the most recent month. Include in w/ps. Determine if daily deposits were timely. Deposits must be made daily (except weekends and holidays). Armored car service should be used, or two persons must take the deposit to the bank.

B. Determine when the last deposit was made (from certified deposit slips). Verify that funds not deposited with the bank are physically on-hand. Also, determine that all deposits in transit listed on prior month bank reconciliation cleared the bank during the next month.

C. If significant or unusual lags are noted, determine if additional testing is necessary by performing the following: -Compare results of lag testing to MCR tests for parallel issues.

7. For stand-alone properties, document cash management practices. Verify that excess funds are timely transferred to an interest bearing account.

8. Document the security of blank check stock (Travel agent, liquor, A/P) Determine that stock is secured, that sequential logs of checks used/voided are maintained, and access is restricted to appropriate personnel. Document in memo form.

9. Review significant observations with the General Manager and prepare MDPs and SAFs.

W/P REF		Initials & Date
	BALANCE SHEET ACCOUNT RECONCILIATIONS	

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Audit Objectives

1. To ascertain Company procedures and policies regarding the processing and maintenance of Balance Sheet Account Reconciliations are carried out in accordance with current requirements.
2. To determine Bank Account Reconciliations are supported and comply with Company standards for activity and reconciling items.
3. To ensure controls and procedures in use are efficient, effective and economical.

Audit Program

1. Determine that balance sheet and bank account reconciliations have been completed and proper support documentation is attached.
2. Determine that support documentation traced and agreed to the Trial Balance.
3. Determine that reconciliations have been reviewed and approval is noted on the reconciliation.

Note: Properties which are processed through CAO will have balance sheet reviews at year end. Include bank reconciliation review for the audit file.

W/P REF	ACCOUNTS PAYABLE	Initials & Date
	<p>Audit Objectives</p> <ol style="list-style-type: none"> 1. To ascertain Company procedures and policies regarding the processing and maintenance of accounts payable are carried out in accordance with current requirements. 	

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2. To determine vendor invoices and petty cash reimbursements are timely approved and processed for payment.
3. To ensure controls and procedures in use are efficient, effective and economical.

Audit Program

1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high, consult with In-Charge or prepare SAFs.
2. For Stand Alone Properties:
 - A. Determine if property is consistently processing and paying invoices by performing the following:

From the Accounts Payable Aging, review for outstanding invoice dates greater than 60 days old. Discuss exceptions with A/P employee and/or Controller to determine if reasoning is valid – i.e. disputed invoice.

B. From the paid checks register (test month), chose a judgmental sample of twenty paid invoices for testing, determine:

- Paid invoices contained documented evidence of receipt of goods
- Invoices were approved by the proper level of authority
- Invoice extensions/totals are correct on hand written invoices
- Invoiced items agree in price/quantity to approved Purchase Order
- Approved Purchase orders were attached if applicable
- Use tax – if applicable – was accrued

3. For Centralized properties, print accounts payable ledger report (3 months)

A. Test two months' post reports for timeliness. Also, review the Voucher Selection Report obtained during pre-audit for untimely Payments (i.e., holding invoices).

B. Review post reports to determine if a significant number of individuals' names are noted. If so, generate the account detail from MDM for the following accounts:

103200-1910 Contract Employment
123200-1910 Contract Employment
102300-0100 Repairs Expense
102700-0100 Expendable Supplies
422300-0100 Repairs Expense

Review the account detail for multiple payments to individuals. Follow-up with management to ensure outside individuals Are properly paid through the payroll function.

B. -Review YTD travel advances. Include copies in w/ps.
-Review accrued use tax. Include copies in w/ps.

C. Review MDM system security to ensure the AP Approval, Security Maintenance and HR functions are properly assigned (requirements vary, test as necessary).

4. Review employee expense reports for the test month, (perform for standalone properties only)
 - Reports are approved by the proper level of authority

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- All expenses greater than \$25 are supported with paid receipt
- Reports include business purpose and name(s) of person(s) entertained.

5. Discuss significant observations with the General Manager and prepare MDPs and SAFs.

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	PAYROLL	
	<p>Audit Objectives</p> <ol style="list-style-type: none"> 1. To ascertain that internal controls surrounding the processing and maintenance of payroll records are adequate to provide reasonable assurance against the perpetration and concealment of irregularities, as well as enhancement of the reliability of financial statements. 2. To determine Company procedures and policies regarding the processing and maintenance of payroll records are carried out in accordance with current requirements. 3. To ensure controls and procedures in use are efficient, effective and economical. <p>Audit Program</p> <ol style="list-style-type: none"> 1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high, consult with In-Charge or prepare SAFs. 2. Review last two Payroll Audits (quarterly per business control manual, bi-annual per other manuals). Ensure that: (formats of audits may vary) <ul style="list-style-type: none"> • Audits are performed semi-annually or quarterly as required • Performed by someone who is not part of payroll processing <p>Based on exceptions noted, judgmentally select a sample of employees from the current Payroll Register and physically verify their existence. This may involve observation of payroll payoffs.</p> 3. A. Obtain a current pay period's approved edit/punch detail report and the corresponding Payroll Register. <u>Include copies of reports in w/ps.</u> B. Compare total gross hours, by department, per the edit/punch detail reports to the Payroll Register. C. Verify on-demand and manual checks. D. Verify management approval. E. Verify that payroll is reconciled each pay period. <p>Note: If total gross hours per the edit/punch detail reports do not agree with the Payroll register, consider the following:</p>	

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- The property may group several departments together under one department number.

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	<ul style="list-style-type: none"> • P.T.O. (Paid Time Off) and other checks that are written “on demand” would not be listed on the edit/punch detail reports but would appear on the Payroll Register. The property should have support for any checks written “on demand” <p>If necessary, expand testing to include additional pay periods.</p> <p>4. From the files for each employee in the selected sample, determine that:</p> <ul style="list-style-type: none"> • The highest rate of pay on the register is supported by an approved PAF/PAR. • Completed W-4 forms are on file. • Completed 1-9 forms are on file. • All non-mandated deductions are supported by signed documentation. <p>5. A. For banquet employees, determine that:</p> <ul style="list-style-type: none"> • Banquet service charges on the Banquet Worksheet agree to service charges shown on payroll records. • If applicable, employees are paid in accordance with section 7 (i) of the Fair Labor Standards Act. <p>B. For all tipped employees, determine that section 7 (g) is followed:</p> <ul style="list-style-type: none"> • All tipped employees who earn in excess of \$20 per month in tips: <ul style="list-style-type: none"> -- Report tips (cash and charge) each pay period -- Earn at least minimum wage for all hours worked (including tip credit) <p>6. Review significant observations with the General Manager and prepare MDPs and SAFs.</p>	

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	<p>FOOD AND BEVERAGE REVENUE CYCLE PRE-CHECK SYSTEM</p> <p>Audit Objectives</p> <p>1. To ascertain that:</p> <p>A. All F&B revenues are properly reported and accurately state.</p> <p>B. Adjustments to revenue are appropriate and authorized.</p> <p>C. Company procedures and policies regarding the recording and reporting of revenue are carried out in accordance with existing requirements.</p> <p>D. Controls and procedures in use are efficient, effective and economical.</p> <p>Audit Program</p> <p>1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high, consult with In-Charge or prepare SAFs.</p> <p>2. A. Perform a bar observation when you first arrive on property observe the following:</p> <ul style="list-style-type: none"> • Checks are presented to guests after the order has been recorded in the register and prior to payment. • Room key or credit card is obtained from guests running a tab • Portion control is utilized (posi-pour or jigger) • Orders from the dining room are “red lined” to prevent servers from under reporting bar sales. (Red lining is not applicable if the bar is equipped with a precheck system) • Bartender verifies guests requesting room charge have established credit privileges at the front desk before serving drinks. (May use Cash Only List, or POS may be interfaced to PMS) <p>Note: It may be necessary to perform more than one observation to observe all the items noted above. Judgment should be used to determine adequate information is obtained to form conclusion.</p> <p>B. If problems are noted, determine if bar spotter services are utilized. Discuss with F&B management the result of the bar observations and review of spotter’s reports. Determine if management has specific directives regarding the establishment of credit and portion control.</p> <p>Evaluate exceptions noted to determine if additional testing is deemed necessary.</p>	

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	<p>3. If a buffet is offered and volume of business is significant, document control procedures and evaluate for adequacy.</p> <p>Note: The pre-check feature of the cash register is not useful as a control over buffet revenue. Instead, mitigating controls are necessary and should be tested accordingly.</p> <p>A. Determine the following:</p> <ul style="list-style-type: none"> • Guest checks are controlled by the Host or Cashier as opposed to Servers. • The number of covers and table number is recorded on the guest check prior to seating guests. • A control log is used to track usage of checks, corresponding table number and number of covers per check. • Guest checks are settled by the Host/Cashier. <p>Perform testing as necessary. Contact In-Charge for assistance.</p> <p>B. Discuss management's procedures for verifying all potential buffet revenue was collected. (If Buffet revenue is recorded as a separate category on the final register reports, ensure management verifies buffet revenue based on covers per the control log). <u>Include copies of control log and final register reports in w/ps.</u></p> <p>4. Observe and document the security of POS manager's keys for processing voids. (i.e., key is not left in register, kept in drawer at register, etc.). If key controls are lax, expand testing by performing the following:</p> <p>Obtain the final register reports (i.e. Z tapes) for two days with voids and perform the following:</p> <p>A. Trace the void total per the final reports to the actual void checks. These should be included in the Manager's packet for each day, and should have evidence of management review.</p> <p>B. Review void tickets to ensure voids are adequately explained.</p> <p>5. Discuss procedures for posting F&B revenue per the final register reports to the Daily Final Report. Select two days' final register reports, F&B worksheets and Daily Final Reports and perform the following:</p> <p>Trace food and beverage revenues from the final register through the worksheet to the Final Daily Report. Investigate material differences. Expand testing as deemed warranted. <u>Include copies of all work in wps.</u></p> <p>6. Discuss procedures for posting guest room charges to the PMS. Note: The restaurant system may or may not interface with the PMS. Test as necessary.</p> <p>7. Review significant observations with the General Manager and prepare SAFs and MDPs.</p>	

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	<p>FOOD AND BEVERAGE INVENTORY CYCLE</p> <p>Audit Objectives</p> <ol style="list-style-type: none"> 1. To ascertain the internal controls surrounding the recording, reporting and maintenance of inventories are adequate to provide reasonable assurance against the perpetration and concealment of irregularities. 2. To determine that Company procedures and policies regarding the recording, reporting, and maintenance of inventories are carried out in accordance with existing requirements. 3. To ensure that controls and procedures in use are efficient, effective and economical. 4. To determine that the receipt and disposition of inventories is accurately and properly reported. <p>Audit Program</p> <ol style="list-style-type: none"> 1. Evaluate the Internal Control Questionnaire for weaknesses. If risk is high, consult with In-Charge or prepare SAFs. 2. A. Tour the kitchen area, receiving docks, and all storerooms. Document results. <ul style="list-style-type: none"> • Be alert to general conditions, excess quantities, obsolete items, etc. • Orders are pre-checked prior to preparation. • Ensure proper security over receiving dock, kitchen exits, storage areas and garbage area. • List all exits from the kitchen and their relationship to outside exits. • Ensure external building exits directly from or near the kitchen are locked at all times or controlled with alarm systems. • Evaluate results of tour in relation to ICQ. <p>B. Document key controls over F&B storage areas and evaluate for adequacy. For each storage area determine:</p> <ul style="list-style-type: none"> • When they are opened/unlocked • How many keys and who has possession • How keys are controlled and secured at the end of the day • Bottles are marked with an identification stamp or sticker. 3. Review inventory sheets for reasonableness of quantity and pricing. Relate quantities to tour of storeroom and investigate any unusual quantities. Recalculate a sample of item cost exceptions (or obtain disks with inventories and review formulas). Trace any unusual pricing to the most recent invoices. Note who performs/documents inventory. (non-F&B employee involvement required). If exceptions are noted expand testing as warranted. 	
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	<ol style="list-style-type: none"> 4. Test par liquor records by performing an actual count. <u>Include copies of par listing in workpapers.</u> Sample size should be 10 items. Complete the 	

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following:

Select ten items from the Par list and locate bottles in the bar. Also, select ten items from the bar and trace to the Par list. Expand testing as necessary.

Banquets

5. Select two banquets from the Banquet Function Book and perform the following: (Include two cash bar functions)
 - A. Verify a banquet/catering contract is on file and signed by the customer
 - B. Trace each function to the posted banquet guest check. Include check copies in wps.
 - C. Ensure each function's revenue was posted to the PMS. If more than one function took place on test days, trace total revenue from the banquet recap to the Final Daily Report. Include copies in wps.
6. Evaluate cash bar procedures (using two from 5. above). Verify that sales potential calculations are completed.
7. Review significant observations with the General Manager and prepare MDPs and SAFs.