

Audit Program: Food & Beverage Cost Control

Objective: To ensure food and beverage cost incurred is reasonable, properly supported and accounted for.

Prepared By : _____
Date : _____

Reviewed By : _____
Date : _____

Audit Steps	WP Ref.
1. <u>Purchase</u> a <u>Quotation</u> • Ensure vendors selected are approved by management. • Ensure vendor list is periodically reviewed by management. • Ensure purchase request is properly approved by user department. • Check quotations are obtained from vendors according to corporate policy (monthly/quarterly/half-yearly update of price). • Match quotations with price comparison list. • Ensure vendors are selected based on quotations submitted and, more importantly, on vendor's past performance. • Ensure quotation selected is approved by purchasing manager. • Ensure cost plus vendor is approved by financial controller and general manager.	
b. Purchase Order • Match purchase order to supporting quotation to ensure corporate policy on selection of vendor is followed. • Ensure management has checked the estimated inventory level does not exceed the maximum inventory level. If exceeded, customer order is needed to support the purchase. • Check estimated inventory level to past utilization rate to ensure no over purchase. • Ensure that there are detailed recipes to facilitate efficient ordering.	

Audit Steps	WP Ref.
• Ensure purchase orders are properly authorized by management according to authority level.	
2. Receipt • Check goods received are supported by approved purchase order. • Ensure goods received are properly inspected for quality and quantity/net weight by Receiver. • Check goods received to ensure expiry date of product is acceptable. • Ensure fresh/frozen/chilled food items received are marked with receipt date to alert kitchen staff of potential usage period. • Match invoice details to goods received. • Check casting of invoice. • Check posting to receiving report, inventory ledger and/or accounts payable/general ledger. • Ensure goods rejected are returned to vendor with credit note issued.	
3. Storage • Ensure the method and place of storage is appropriate for the item. • Evaluate that the storage area is secured from pilferage. • Ensure the shelves are strong enough for the product, allow air circulation and easy to clean. • Ensure all items are stored at an appropriate temperature appropriate for the product. • Determine whether the storage area is clean and orderly.	

Audit Steps	WP Ref.
4. Usage • Ensure issues for storeroom are supported by approved stock requisition. • Perform yield test for high cost food items to ensure actual utilization rate as compared to standard utilization rate is acceptable. • Ensure bottles and sales slips for high cost beverage items are returned to storeroom to exchange for new issues of beverage. Empty bottles must be destroyed by store personnel to avoid duplicate issue of beverage. • Ensure portion control is properly exercised. • Check wastage to ensure no saleable portion is abandoned. • Ensure voided orders are not served to customers. • Review monthly wastage to ensure wastage (in amount and in percentage) is acceptable.	
5. Cost • Ensure recipe and menu cost control is prepared timely and updated every six months by Head Chef. • Ensure accurate costing before menu price is finalized. • Ensure all food and beverage portion/serving sizes are established in conjunction with costing and pricing of menus. Observe what comes back from the guests to determine whether the portion is appropriate. • Ensure free pouring is properly monitored. • Check food and beverage cost only includes costs incurred for revenue generating activities. Costs incurred for non-revenue generating activities (i.e. duty meal and entertainment) are treated in accordance with the nature of the activity. • Ensure food cost percentage and beverage cost percentage, as compared to budget and/or last year performance, is reasonable. For significant fluctuation, explanation is required.	

Audit Steps	WP Ref.
• Ensure weekly food and beverage cost report has been prepared for timely control of food and beverage cost. • Ensure management has reviewed the monthly and year-to-date food cost percentage and beverage cost percentage.	