

Financial Management Check-Up for Small Business

SECURITY/DATA INTEGRITY

1. Are you using software to maintain your books? Which brand and version and who has been granted access to modify the financial data?
2. Is your bookkeeper entering financial data in a timely, accurate way?
3. Do you have confidence in your bookkeeper to manage your cash receipts and payments reliably and accurately?
4. Are you confident that your electronic banking facilities are secure?
5. Are company credit cards used securely and appropriately? Are the charges accurately booked and the statements reconciled to your accounts each month?
6. Do you have services that are paid for via automatic withdrawals from your business bank, personal accounts or credit cards? Are these charges valid and all related services still being used by your company?
7. Are your bank accounts reconciled accurately and in a timely manner?
8. To the extent that transactions occur in cash, are you confident all cash is accurately accounted for? Is the cash on hand account or petty cash fund reconciled regularly?
9. Are other key control accounts such as accounts receivable and accounts payable reconciled monthly to their respective subledgers?
10. If your systems are based on desktop software versus cloud-based systems, are effective back-up processes in place to prevent loss of critical data?
11. Are you preparing financial statements based on the accrual method or the cash method? Are revenues accurately matched with expenses at the end of each reporting period?

REVENUE MANAGEMENT

1. Do you set prices based on comprehensive product or service cost analysis?
2. Are you billing customers in a timely and accurate manner?
3. Who is authorized to issue credits to customers? To what extent does this arise and why?
4. Are your accounts receivable collected within the credit terms you offer?

COST AND EXPENSE MANAGEMENT

1. Do you separate fixed from variable costs for your business?
2. Are you taking advantage of suppliers' credit terms including discounts?
3. Are employee expense reports compiled accurately and properly authorized before payments occur?
4. Is your payroll completed dependably and accurately? For hourly employees is there adequate controls over time sheets submitted and the approval processes?

5. Are purchases made based on authorized purchase orders or a system of buying/commitment limits?
6. Are goods received counted and verified and subsequently reconciled to the vendors' invoices with appropriate division of duties?

ASSET MANAGEMENT

1. Is inventory accurately accounted for? What inventory categories are meaningful in your business? Raw materials; work-in-process; finished goods? How frequently are the inventory values on hand reconciled with physical counts accompanied by unit cost analyses? How significant are the inventory adjustments?
2. Are fixed assets accounted for and verified periodically?
3. Are maintenance programs in place to preserve the operating life of these assets?

FINANCIAL PLANNING, REPORTING AND ANALYTICS

1. Is your chart of accounts customized to meet your specific business needs?
2. Do you know what the breakeven volume is for your business for any given time period?
3. Do you maintain a rolling financial forecast for the next month, quarter and full fiscal year?
4. Do your financial reports show you performance against budget and provide variance analyses to identify problem areas?
5. Do your financial reports illustrate multi-period trends for your business results?
6. Do you know what your profitability is by customer or by each segment of the market you serve?

COMPLIANCE AND TAX PLANNING

1. Is your business behind in filing mandatory government tax reports? Do you know how much you are paying in penalties for late reporting?
2. If you have business loans outstanding, are you in compliance with the financial covenants that formed part of your lending terms?
3. To what extent are personal expenditures flowing through your business accounts? Meals, travel, entertainment?
4. Are you tracking business mileage for all personally owned vehicles used in the business?
5. Are you taking advantage of opportunities to minimize corporate and personal income taxes? How is your business structured – proprietorship, partnership, corporation?

CURRENT BOOKKEEPING AND ACCOUNTING COSTS

1. Total person hours utilized per month to maintain existing books of account, pay vendors, invoice customers, collect and bank receipts
2. Estimated cost per hour of above including benefits
3. Cost per year of outside bookkeeping services
4. Bank fees for processing cheques issued and handling manual deposits
5. Printing costs of cheques used per year

6. Costs incurred per year for external accountant services for financial statement preparation and income tax returns.

LEVERAGING TECHNOLOGY

1. Are you utilizing cloud-based financial tools to streamline your record keeping processes, data input efficiencies, records storage and retrieval, payment and collection processes, financial reporting, monitoring and control?

For example:

- **Quick Books Online** – for bookkeeping and financial reporting
- **Hub Doc** – for digital record data input, retrieval, storage and integration automatically into QB Online
- **Plooto** - for managing online payments to creditors and cash collections from customers
- **LivePlan** – for business planning and plan-versus-actual reporting which is integrated with QB Online