Check list for the Sales, Dispatch and Debtors

1) SALES (Final product, Rejects, Scrap, Stores sales) In case of Export and Domestic sales

1.1Check whether all the Sales of sold stock according to schedules. If not Made the list of the delay dispatches.

1.2 Reason wise analysis of the delay in dispatches.

1.3Quantify the losses, for the material which are not dispatched with in time i.e. the company has paid the Airfreight/sea freight.

1.4Check whether all the bills are made according to the contracts made. If not list out the discrepancy. Specially evaluate the ERP in this regard whether all the contracts are made in ERP or not and system of raising the invoices.

1.5 List out the cases of delays in dispatches for sold & unsold stock after production. Also find out the average no of days taken to clear the stock after production.

1.6 Review the system of stock records maintenance.

1.7 Reason wise analysis for the Variance in actual and target sales prices. The differences can be identified from MIS. The reasons can be ascertained after discussions with Marketing Executives.

2) Study the system of awarding the transport contracts

2.1 Review the system of giving the contract to the Transporter.

- Sending enquiry and receiving quotations.
- Analysis of control over sending enquiry and receiving, how followed up, record keeping, etc.
- Basis of taking decision mention on comparative statement clearly.
- Date of approval mention on comparative statement, who is the authority, is it clearly defined. Is the delegation proper?
- Which quotation is selected mention on comparative statement? Give list of all lapses.

3) Insurance during transit

3.1 Review the system of taking insurance cover for the transit policy.

3.2 To ensure that proper declaration is given for Insurance coverage. At no point of time, the total Dispatch should exceed the declared insurance value.

3.3 Cost benefit analysis of the insurance premium paid and claim launched at least for four years.

4) Sales Return

- Does the system relating to sale returns prescribe limits on the authority of managers at various levels to accept return of goods?
- Are the returned goods accepted only after they have been properly inspected for their quantity and quality?
- Is an inward return note prepared promptly against each sale return, indicating the quantity and specifications of the goods received back?
- Are the inward return notes pre-numbered? Are missing note numbers duly enquired into?
- Are returned goods sent to the stores immediately? Are inward return notes entered promptly in inventory records?
- Is a credit note prepared on the basis of the inward return note? Is it properly checked with reference to the relevant inward return note before it is approved and sent to the customer? Are appropriate entries made in the books of account promptly?
- Excise formalities followed properly or not?
- Is there a proper control over the issue of credit notes especially with regard to the authority for issuing the same?
- Are credit notes pre-numbered? Are missing credit note numbers duly enquired into?
- Is the sale commission paid in respect of goods returned recovered through an appropriate debit note.
- Are sale return analyzed with reference to the reason? Are appropriate follow-up steps taken?

5) Claims by customer

- Are all claims (for poor quality or for delay in delivery and similar other reason) approved by an authorized manager? Is the approval granted only after a proper examination of the matter?
- Is a credit note sent to the customer in respect of each approved claim? Are appropriate entries made in the books of account promptly?

6) Scrutiny of debit/credit notes

- Their corresponding impact on Sales Tax, Excise etc.
- Whether they are issued in accordance with the Sales Policy and term of the Sales Order.
- Whether properly authorized.

7) Sales Commission

- Check all the discounts are given as per contracts made with the party
- Reconciliation of sales with sales commission.

8) Export Sales

- Reasons wise analysis of the overdue bills.
- Loss of overdue interest due to delay in realization of the export bills.

- Norms of Export trade, imports, process of order booking to production planning, realization, settlement benefits, claims, etc.

9) Marketing – International & Domestic:

- Are standard price lists maintained? Is a special sanction from a senior manager required in the case of sales at prices lower than the standard price?
- Does the system of allowing rebates and discount provide for adequate controls? In particular is there a clear-cut policy for allowing such rebates and discounts? Are the authorities for various managers in this regard clearly laid down and are they reasonable?
- Are special sanctions required in case of sales to those companies/ other enterprises in which the managerial personnel or senior employees are interested?
- Is there a well-defined policy for making sales to employees at concessional prices? Does it laid down any limits in this regard?
- Is there a timely preparation of a written sale order on receipt of an order from a customer?
- Are sale orders pre-numbered? Is a lack of continuity in sale order number duly enquired into?
- Is there a proper authorization of credit, price, quantity and other important terms of the sale order?
- Is there a system of fixing credit limit for regular customer? Are these limits approved by a senior manager as per the sales policy determined by the top management? Are these limits reviewed periodically in the light of the experienced in dealing with the customer?
- Is credit limit of the customer concerned checked before sanctioning the credit on the sale order? Is up to date information on the extent of the credit already extended to the customer readily available for this purpose?
- Is a copy of each sale order sent to the dispatch department and the accounts department?
- Is a dispatch document, e.g. a good outward challan, prepared at the time the goods are dispatch to the customer? Is it matched with the bill of lading or railway receipt/transporter receipt?
- Are dispatch documents pre-numbered and missing document numbered duly enquired into?
- Is there a system of checking each consignment of good leaving the premises with the related dispatch document?
- Is a copy of dispatch document, i.e. goods outward challan/gate pass sent to the customer and to the accounts department?
- Is an acknowledgement of receipt of goods obtained from the customer or from his agent on the copy of the dispatch document?

Debtors Management

1) Credit limit fixation

- Review the system of fixation and monitoring the credit limits
- Check whether all the important factors (i.e. payment track of the customers, potential of the customer's etc.) are considered or not.

- Review the system of enhancing the credit limits of particular customers or one time/ad-hoc sanctions to supply beyond credit limit.

2) Debtors follow up

- Compare debtors age wise Dec 30th 2001, March 2002 and June 2002;
- Percentage increment in debtors as percentage to increment in sale for above period (with reasons);
- Debtors outstanding more than 365 days to be identified (reasons to be discussed with concerned person);
- See the cases where amount is due for sale made more than 365 days; sale is still made and payment is received for subsequent invoices;
- Identify debtors having more than 5 % value of total debtors;
- Follow-up done to recover these dues, see records if any maintained for that;
- Sales made to debtors not paying bills
- Write off in accounts –what is the basis. Is it reasonable, who authorized, is it regular thing.
- Whether payment as per terms of payment.
- Whether credit terms as per terms of appointment.
- Accountability for recovery of dues of debtors-all, geographic.
- Sales policy terms
- Interests charged on debtors and delay in charging interest;

1. Sales

- Check the Billing Break Up as per Contract & Ensure the same is followed
- Price determination
- Conditions of contracts
- All Materials dispatched is billed
- Sales Returns
- Compare budgeted profit with actual profit.
- Pending sales orders
- Check whether sales has been made on minimum profit %age

2. Debtors Loans and advances

- Check age wise listing of the debtors
- Check credit Limit of Debtors
- Filter out debtors aging more than the credit period
- Investigate into the reasons of delay in payments
- Ensure the adequacy of the debt recovery measures and recommend ways to eliminate the inefficiency
- Fixing of credit loan/ advance limit
- Authority for material adjustment to parties account
- Interest income on debtors balance is separate recorded or not
- Doubtful debts/ loans
- If company has given loan to any employee than check the conditions and status of such loan.

3. Scrap sales

- Procedure for selection of party e.g. alternative quotations, tenders etc.
- Whether scrap cleared is correct type & weighed before clearance.
- Scrap invoices raised are in accordance with contract rates.