



SPICE ROUTE
FINANCE

Ultimate Guide To Check Health Of Your Finance Function



Finance Function Setup

SNO	Process	Explanation	Comments
1	Roles & Responsibilities	Does the company have a clear job description of the various roles under the finance function?	
2	Maker/ Checker	Does the company has a maker checker concept in the finance function	
3	ERP	Does the company have strong accounting management software, does the software has user controls and approval processes	
4	Data backup of Books of accounts	Does the company have a proper backup mechanism for books of accounts and financial data?	
5	Reporting of Finance Function	Does the finance function report directly to the business head- MD/CEO	
6	Composition of Finance Team	Does the finance team has properly qualified personnel who are competent to manage the finance function, considering the current envisaged growth in the immediate year?	
7	Annual Budget	Does the company has an annual budget in place and is being followed strictly for all decision making	



General Ledger, Treasury Operations

SNO	Process	Explanation	Comments
1	Chart of Accounts	Does the company have a proper chart of accounts to reflect the size of the business and consider future growth?	
2	Cost center	Does the company have a cost centre mechanism of various functions and does the company capture all the cost through the cost centres?	
3	Filing & Storage	How are the vouchers, key documents, bills, and invoices stored physically and digitally? Are the documents accessible to the investor at all points in time?	
4	Monthly Reporting	Does the company have a process of closing the books and reporting to the management monthly?	
5	Banking	Does the company make payments through online instruments ie NEFT/RTGS etc. or through cheques?	

6	Banking Transaction Approval	Is there a proper initiator, reviewer, and approver process in the bank payments module	
7	FAR & Depreciation	Does the company maintain a fixed asset register and does the company do a periodic inspection to check missing assets if any? Is there a proper capital expenditure approval process in place?	



Accounts receivable/Sales Team

SNO	Process	Explanation	Comments
1	Client master	Does the company have a list of all customer data in one place including statutory details, credit period, key point person, escalation point, etc?	
2	New client acquisition/ Pricing process	Has the client clearly defined the new client onboarding process in terms of credit appraisal, paying capacity due diligence in terms of controlling stake, etc. to avoid conflict of interest? Is there a separate pricing and approval process	
3	Discounts	Has the company clearly defined discounts to the sales team and has the company implemented proper control of approval of discounts	
4	Incentives	Is there a clearly defined incentive structure defined for sale steam, has the company defined what sales booking is and related paperwork? Has the company linked incentives to collection or booking	
5	Credits and Returns	Has the company defined policy on sales returns, credit notes, etc	
6	CRM/ Sales order	How does the company manage the CRM data, maintenance, movement of sales stages, etc? How the sales stage was completed. Is it through a receipt of a sales order or order confirmation?	
7	Sales Travel Expenses	Is there a proper travel expense policy drafted and being followed for the approval process and reimbursement?	



Accounts Payable – Bill payments, Statutory Payments

SNO	Process	Questionnaire	Comments
1	Bill receipt and approval process	Is there a proper process in place for receipt of bills, review of bills/ budget sign-off, and then payment	

2	Vendor master	Does the company maintain a vendor master with all the details including GST, PAN, address, bank details, etc?	
3	Statutory payments	Is there a proper checklist and working file in a template format for all statutory payments being made viz? GST, TDS, PF, ESI, PT is there a reconciliation process of all data between the statutory filing being made to books of accounts monthly	
4	Payment process	Does the company follow a standard process of making payments ideally weekly which creates a batch processing mechanism with proper review between the preparer, reviewer, and approver?	
5	AR review	Does the company follow a proper AP review on a fortnightly or monthly basis reviewed the aged outstanding to be paid, etc?	
6	Purchase order	Does the company follow a proper purchase ordering process for all procurements with a proper approval mechanism?	
7	Vendor Agreements	Does the company sign agreements for all other services/ procurements other than those procured through the purchase order process	



Management Information System

SNO	Process	Explanation	Comments
1	MIS	Does the company report financial performance and other operational performance monthly?	
2	Budget vs. Actuals	Does the company do a budget vs. actual review and analyze the deviation monthly?	
3	Profitability Analysis	Does the company analyze the profitability by segment, customer segment/demographic segment, etc?	
4	Revenue Forecast	Does the company prepare a revenue forecast basis the pipeline and market environment and compare it against the budget?	
5	KPIs	Has the company defined performance metrics across the organization to meet the business goals and if set, how are they monitored	
6	Forecast	Does the company prepare cash flow and financial forecast to assess the status and take timely actions to meet the budgeted performance?	