



This document provides guidelines on various processes to be implemented across various facets of Finance Function

Ultimate Questionnaire for setting up SOP Guidelines for your Finance Function

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1. Finance Function Setup

Sl No	Process	Explanation	Comments
1	Roles & Responsibilities	Does the company have a clear job description of the various roles under finance function	
2	Maker / Checker	Does the company has maker checker concept in the finance function	
3	ERP	Does the company has a strong accounting management software, does the software has user controls and approval processes	
4	Data backup of Books of accounts	Does the company have proper back up mechanism for books of accounts and the finance 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 proper qualified personnel who are competent to manage the finance function, considering the current and envisaged growth in the immediate year?	
7	Annual Budget	Does the company has annual budget in place and is being followed strictly for all decision making	

2. General Ledger, Treasury Operations

#	Process	Explanation	Comments
1	Chart of Accounts	Does the company have proper chart of accounts to reflect the size of business and considering future growth	
2	Cost center	Does the company has cost center mechanism of various functions and does the company captures all the costs thru the cost centers.	
3	Filing & Storage	How are the vouchers, key documents, bills and invoices being stored physically and digitally? Are the documents accessible to the investor at all points of time	
4	Monthly Reporting	Does the company has process of closing the books and reporting to the management on a monthly basis	
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 periodic inspection to check missing assets if any. Is there a proper capital expenditure approval process in place.	

3. Accounts receivable/Sales Team

#	Process	Explanation	Comments
1	Client master	Does the company has 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 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 for approval of discounts	
4	Incentives	Is there a clearly defined incentive structure defined for sales team, has the company defined what sales booking is and related paperwork. Has the company linked incentive 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 completed. Is it through a receipt of sales order or order confirmation	
7	Sales Travel Expenses	Is there a proper travel expense policy drafted and being followed for approval process and reimbursement?	

4. Accounts Payable – Bill payments, Statutory Payments

#	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 required 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 on a monthly basis	
4	Payment process	Does the company follow a standard process of making payments ideally on a weekly basis which creates a batch processing mechanism with proper review between the preparer, reviewer and approver	
5	AP 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 proper approval mechanism	
7	Vendor agreements	Does the company sign agreements for all other services/procurements other than procured through purchase order process	

5. Management Information System

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