**MANAGEMENT AUDIT**

Prepared by: [NAME OF PERSON PREPARING THE AUDIT]

Title: [PROVIDE APPRO]

Date: [Specify date]

1. PRODUCTION/OPERATIONS YES NO

A. Purchasing

 Are the organization’s suppliers trustworthy and their services/products reasonably

 priced? Is there an established purchasing program or system within the organization?

B. Inventory Control

Are the inventory control policies, processes and procedures of the organization

effective?

Is the organization knowledgeable about inventory turns?

Is the organization capable of managing a slow-moving stock?

 Are there rational reordering policies in place within the organization?

C. Scheduling

 Does the business mobilize goods and materials without problems and interruptions? Does the organization monitor all jobs undertaken and how long each job takes?

Are there established production or operational goals and objectives with corresponding work activities for achieving such goals and objectives?

Do production or operations employees make use of appropriate planning and management tools and strategies?

D. Quality Control

 Does the organization properly conduct quality assessments?

 Does the organization return substandard materials to suppliers?

 Is the organization making an effort to minimize rejection rates? Are production or operations processes proceeding efficiently and with few disruption? Does the organization adhere to a “do it right the first time” policy?

Does the organization have competitive advantages in the area of production or

operations?

E. Facilities

Are the organization’s facilities situated at strategic locations, near markets and suppliers of raw materials?

Are the facilities, satellite offices, equipment, machinery and tools owned by the organization functioning properly?

 Does the organization have a reasonable capacity?

 Does the organization possess a safety record?

Does the organization pay attention to environmental laws when operating facilities?

Are hazard assessments conducted at regular intervals?

F. Insurance

 Is there an annual insurance review within the organization?

 Does the insurance program cover important risks?

 Is the insurance package subject to yearly biddings?

2. MARKETING YES NO

A. Pricing

 Are the products and services offered by the organization appropriately priced?

 Was a cost structure analysis conducted to determine pricing policy?

 Does the organization conduct studies on price sensitivity?

B. Market Research

 Does the organization conduct market research to come up with marketing decisions? Has the organization defined and identified target markets?

 Is the organization capable of segmenting markets effectively?

 Does the organization pay attention to customer wants and needs?

Is the organization conducting surveys to measure market perception on products or services?

 Does the organization have a market share?

Is the market share increasing or decreasing?

Is there a comparative analysis for all existing and potential competitors?

Has the competition setting been analyzed?

 Does the organization manufacture, distribute or offer quality products or services?

Can these products or services compete neck and neck with competitors?

 Is the organization well-positioned against its competitors?

 Is the organization making the most out of its market potential?

C. Customer Service

Is the current level of customer service better than the customer service offered by competitors?

 Is there an increase in customer complaints?

Are there less customer complaints?

Are customer complaints steady or manageable?

 Is the organization capable of handling customer complaints efficiently?

 Does the organization prioritize customer service?

Is there an existing mechanism for soliciting customer feedback?

Are customer reviews solicited on a regular basis?

Is there a reasonable balance between adopting good business practices and providing efficient customer support?

D. Advertising and Public Relations

Does the organization adopt a wide variety of advertising strategies?

Are these marketing strategies sensitive to the needs of the target market?

 Is the overall advertising strategy effective?

 Does the organization conduct sufficient promotional and public activities?

Are publicity strategies effective?

 Does the organization select media for measurable results?

 Are advertising campaigns consistently conducted?

Is there a reasonable advertising budget?

Is the budget commensurate to the level of business and does it take into account its possible growth?

E. Sales Management

 Is there a sizeable sales force?

 Are the sales force efficient?

Does this sales force adopt the appropriate or recommended strategies?

Do salespersons, external agents or independent contractors have proper designations or clearly defined duties and responsibilities?

 Does the organization establish goals for different teams or individuals?

 Is the organization providing sufficient sales support?

 Does the organization train their sales personnel before deploying them on the field?

F. Market Planning

 Is there a marketing budget in place for the entire organization?

 Does the organization operate based on an established marketing plan?

Has the organization identified its priority marketing strategies?

Are there clearly defined marketing goals or objectives?

Do marketing employees utilize proper marketing planning and management tools and strategies?

 Does the organization have competitive advantages in various areas of marketing? Has the organization exhausted all available market opportunities?

 Are current distribution channels reliable and reasonably priced?

3. RESEARCH AND DEVELOPMENT YES NO

 Does the organization have adequate facilities for research and development?

 Does the organization hire qualified research and development employees?

 Is the organizational setting conducive to creativity and innovation?

 Is there an effective communications system in place?

Are research and development employees able to effectively communicate with other organizational units?

 Has the organization obtained technologically competitive products?

Does the organization pay attention to copyright laws and exert effort to protect intellectual property rights?

In the event the organization makes use of patents to operate their business, are patent applications declining, surging or moving at a steady pace?

Is there sufficient development time to convert concepts and ideas into actual products or services?

In the last [SPECIFY TIME PERIOD], how many new products or innovations have been developed by the organization?

How many research and development initiatives are undertaken by the organization compared to its competitors?

Do research and development employees use appropriate methods, tools and strategies?

Are the research and development tools and strategies used in accordance with existing laws and regulations?

Does the organization have competitive advantages in the area of research and development?

4. FINANCIAL/ACCOUNTING YES NO

A. Financial Analysis and Procedures

Based on the financial ratio analyses, is the organization’s financial standing weak or strong?

Are the organization’s financial ratios subject to current trends?

How do these financial ratios relate to industry trends?

 Is the organization’s capital position good?

Is there sufficient organizational capital?

 Are there reasonable dividend payout policies?

Is there a good relationship between the organization and their creditors and stockholders?

Do financial or accounting employees make use of appropriate accounting methods, tools and strategies?

Has the organization developed any competitive edge in the financial or accounting areas?

B. Bookkeeping and Accounting

 Are there enough books of account?

 Does the organization maintain an organized record of finances?

 Are the books easy to access?

 Is it easy to retrieve any financial information upon request?

Are there security measures in place to safeguard books of account?

 Does the organization regularly release profit and loss statements? Does the organization share their annual financial statements?

C. Budgeting

 Has the organization set financial goals and objectives?

Are the established financial goals doable, necessary and beneficial?

 Is a cash flow budget used in the organization?

 Is a monthly deviation analysis conducted?

Is organization’s capital budgeting policies and procedures effective?

 Does the organization allocate a budget for capital equipment purchases?

 Are there discrepancies between the organization’s financial sources and fund usage? Does the organization exert effort to find additional sources of budget?

Is the budget in place commensurate to the needs of the organization?

Does the organization try to negotiate for a better budget?

Does the organization operate in accordance with the set budget?

D. Cost Control

 Is the organization properly managing cost items?

 Does the organization treat high cost items separately?

Does the organization use cost control tools and strategies?

 Does the organization designate the budget as the main cost control tool?

Is the organization using cost control to its advantage?

Can the organization identify its competitive edge in the area of cost control?

E. Credit Collection

 Does the organization increase revenues by using credit?

 Is the organization keeping track of credit and collection costs?

 Are the current credit collection policies and procedures effective?

Are the current credit collection policies and procedures reasonable and doable? Does the organization regularly assess credit and collection policies?

Is there a receivables management policy in place within the organization?

F. Raising Money

Has the organization successfully raised capital to fund for necessities or special projects?

 Is the organization capable of raising short-term capital?

 Has the organization been able to successfully raise long-term capital?

Does the organization conduct regular fund-raising activities or events?

Is the organization making use of current technology to raise more money for the organization?

Does the organization consider loans as a way to raise money for the organization?

G. Transactions with Banks and Other Financial Institutions Does the organization have a working and efficient relationship with the lead banker? Are there several banks utilized by the organization?

Does the organization maintain a good relationship with other financial institutions?

Does the organization differentiate between primary bank accounts and secondary bank accounts?

Are employees provided with bank accounts for payroll?

Do those bank transactions comply with existing non-disclosure policies?

H. Cost of Money

 Are profit ratios compared with monetary costs (including points and interests)?

Does the organization impose appropriate interest rates?

Does the organization set reasonable loan conditions?

I. Use of Specific Tools

 Is the organization knowledgeable in and utilize break-even analysis? Are cash flow projections and analysis being used in the organization?

Are monthly income and profit-loss statements used and widespread in the organization?

 Are balance sheets appropriately utilized in the organization?

 Is ratio analysis applied by the proper parties within the organization?

 Are industry operating ratios existent within the organization?

Are there other specific tools being used by the organization?

Do the aforementioned tools, as well other tools not specified, improve organizational operations?

Does the organization intend to use more specific tools to improve efficiency?

5. MANAGEMENT YES NO

A. Strategic Management

 Does the organization adopt management strategies?

Are the management strategies adopted by the organization effective?

Are the management strategies reasonable?

Is the organization doing something to address lapses in their management strategies? Does the organization set clear and measurable goals and objectives?

Are organizational members informed of these goals and objectives?

Are employees informed by the organization about their specific roles and responsibilities?

 Is the organizational structure reasonable and properly defined?

Is the organization providing a proper organizational chart?

Do the employees understand the preexisting organizational culture?

Is there a mission statement in place?

Does the organization have a vision statement?

Does the organization set a proper set of values?

Does the organization effectively communicate its vision, mission and values to employees?

Are the goals, vision and mission of the organization accepted by the employees?

 Does the organization have competitive advantages in various areas of management?

B. Record Keeping

 Does the organization keep records of past transactions and events?

Is it easy to retrieve records of past transactions and events?

 Does the organization retain records for a reasonable and legally valid time period?

Does the organization adopt security measures to ensure that records are not disclosed to unauthorized parties?

Are there security measures installed to protect records?

Does the organization use technology to manage records?

C. Decision Making Process

 Does the organization have decisive leaders?

Is there a proper chain of command?

Is the decision-making process effective and efficient?

 Do executives and relevant personnel meet to generate ideas?

Are regular employees allowed to take part in the decision-making process in certain occasions?

Are meetings frequently conducted?

Are meetings appropriately recorded or documented?

Are decisions converted to actions using proper tools and methods?

D. Problem Solving Process

Does the organization make an effort to resolve conflict?

 Is the problem solving or conflict resolution process effective?

Is the problem solving or conflict resolution process conducted within a reasonable time frame?

E. Government Regulations

Does the organization operate in accordance with local, state, and national laws and regulations that have an impact on your business?

 Does the organization comply with these laws and regulations?

F. Leadership and Subordinates

 Is the organization taking charge of the business and its employees? Does the organization adhere to a specific leadership style?

Does the organization have a successor system in place in the event a leadership position is abandoned or the executive were to expire or get sick?

Does the management regularly monitor subordinates?

Does the management provide leadership trainings to subordinates?

Does the organization recognize employees exhibiting leadership potential?

G. Business Law

Does the organization possess a working knowledge of appropriate business laws?

Does the organization operate in accordance with appropriate business laws?

Is the organization knowledgeable in administering and complying with contracts?

Does the organization forge contracts in accordance with appropriate business laws?

Is the organization knowledgeable in transacting business with external or third party agencies?

Is the organization aware of how current contracts and existing legal obligations affect business operations?

H. Relationships with Professionals

Does the organization have and utilize the services of an accountant, a corporate lawyer, a business consultant?

Does the organization have an agreement with manufacturers, distributors or suppliers?

Does the organization receive professional advice from external advisers?

Does the organization transact business with independent contractors or external agents?

Does the organization have several business partners?

Are these business partners directly or indirectly involved in operating the business?

6. HUMAN RESOURCES YES NO

A. Hiring

Is the hiring process systematic?

Is the hiring process objective?

Is the hiring process in accordance with established labor laws?

Are there proper standards to be met during the hiring process?

 Has the organization hired the right kind of people for the job? Does the organization attract the ideal candidates?

 Is the employee selection process effective?

Does the organization keep a record of qualified job applicants?

Does the organization have competitive advantages in the realm of human resources

management?

B. Training

 Does the organization provide employees with relevant trainings?

 Are trainings conducted on a regular basis?

Does the organization monitor the performance of employees after training?

Does the organization make sure employees are able to apply what they have learned from the trainings provided?

Does the organization provide clear and appropriate job descriptions and specifications to employees?

 Are jobs within the organization effectively designed?

C. Motivating People

 Do employees enjoy their work environment?

 Is there a high employee morale?

Is the organization monitoring employee morale or job satisfaction levels?

 Is there a high employee turnover in the organization?

Does the organization make an effort to motivate employees?

Are the motivation mechanisms based on actual employee sentiments?

 Are there sufficient organizational compensation and incentive programs?

Are these compensation and incentive programs reasonable?

Does the organization provide vacation leaves?

Does the organization conduct team-building activities?

Does the organization try to ensure company goals are aligned with employees’ individual goals?

Does the organization reach out to underperforming employees?

D. Communicating

 Does the organization make an effort to communicate with employees?

 Does the organization make use of communication devices?

In the decision-making process, are people provided with sufficient information?

Can regular employees participate in or contribute to the decision-making process?

Are there enough opportunities for employees to set individual goals within the organization?

Are there work groups effectively functioning within the organization?

Does the organization have a mutually beneficial or favorable relationship with its employee groups?

Can employee groups express themselves?

Can employees articulate their interests or requests to the organization?

E. Enforcing Policies

 Does the organization regularly enforce its policies?

Are reviews and evaluations conducted according to schedule?

Is the organization treating its employees properly and with due respect for basic human

rights?

Are employees are given enough opportunities to correct their mistakes and prove their

efforts?

Does the organization terminate employees on reasonable grounds?

Does the organization enforce appropriate discipline and control mechanisms on

employees?

Does the organization reward employees that comply with established policies?

Are human resources management activities conducted in accordance with proper legal

guidelines?

Are the organization’s policies crafted on a reasonable basis?

7. INFORMATION SYSTEMS OR INFORMATION TECHNOLOGY

Does the organization gather and proliferate information for the use of its employees?

Are pieces of information shared to employees effective and efficient?

Does the organization update current technology to provide better products or services?

Does the organization use technology to better communicate with employees?

Do employees use the information systems in making decisions?

 Does the organization regularly update information?

 Does the organization effectively and efficiently information?

Are all areas of the organization effectively and efficiently using the information technology and systems in place?

Can employees contribute input, influence or directly use the information system?

Has the organization invested in any information technology that is better than, comparable to, or more inferior than competitors?

Is there a secure information system in the organization?

Is information system provided by the organization user friendly?

Does the organization provide relevant information technology training workshops or seminars for employees, whether or not they are working under the information technology or systems department?

Does the organization hire qualified information systems or information technology employees?

Are information systems or information technology regularly updated by the organization?

Does the organization have competitive advantages in various areas of information systems or information technology?