

# ***Business Operational Audit Checklist***

## **(Sample)**

## **1. STRATEGIC PLANNING & GOVERNANCE**

### **1.1 Strategic Framework**

- ☐ Business strategy documented and Board-approved
- ☐ Annual business plans aligned with strategic objectives
- ☐ Key Performance Indicators (KPIs) defined and monitored
- ☐ Market analysis and competitive positioning updated
- ☐ SWOT analysis conducted annually
- ☐ Risk appetite statement defined and communicated
- ☐ Succession planning for key positions documented

### **1.2 Corporate Governance Structure**

- ☐ Organizational structure clearly defined with reporting lines
- ☐ Delegation of authority matrix established and current
- ☐ Board oversight of operations effective
- ☐ Management committees functioning as intended
- ☐ Conflict of interest policies implemented and monitored
- ☐ Code of conduct communicated and enforced
- ☐ Ethics and integrity framework operational

## 1.3 Performance Management

- ☐ Balanced scorecard or similar performance framework
- ☐ implemented
- ☐ Regular management information system (MIS) reports generated
- ☐ Variance analysis performed on key metrics
- ☐ Performance review meetings conducted regularly
- ☐ Corrective action plans tracked and implemented
- ☐ Benchmarking against industry standards performed

## 2. FINANCIAL OPERATIONS & CONTROLS

### 2.1 Financial Planning & Budgeting

- ☐ Annual budgets prepared with realistic assumptions
- ☐ Rolling forecasts updated quarterly
- ☐ Capital expenditure planning and approval process
- ☐ Cash flow projections and monitoring systems
- ☐ Financial performance against budget tracked monthly
- ☐ Budget variance analysis and explanations documented
- ☐ Long-term financial planning (3-5 years) completed

### 2.2 Revenue Management

- ☐ Revenue recognition policies compliant with accounting standards
- ☐ Pricing strategies documented and regularly reviewed
- ☐ Credit policies and procedures established
- ☐ Customer payment terms standardized and monitored
- ☐ Bad debt provisions calculated using appropriate methodology



- ☐ Bad debt provisions calculated using appropriate methodology
- ☐ Revenue analytics and trend analysis performed
- ☐ Contract management system for recurring revenues

## 2.3 Cost Management

- ☐ Cost accounting system accurately captures all costs
- ☐ Activity-based costing implemented where appropriate
- ☐ Cost center accountability established
- ☐ Overhead allocation methodology logical and consistent
- ☐ Cost reduction initiatives identified and tracked
- ☐ Make vs. buy analysis for key activities
- ☐ Operational leverage analysis performed

## 2.4 Working Capital Management

- ☐ Working capital optimization strategies implemented
- ☐ Inventory management policies and procedures documented
- ☐ Accounts receivable aging monitored and managed
- ☐ Accounts payable optimization without affecting relationships
- ☐ Cash conversion cycle tracked and improved
- ☐ Working capital financing arrangements optimized

# 3. SUPPLY CHAIN & PROCUREMENT OPERATIONS

## 3.1 Procurement Management

- ☐ Procurement policies and procedures documented
- ☐ Vendor selection criteria and approval process established



- ☐ Vendor performance evaluation system operational
- ☐ Competitive bidding process for major purchases
- ☐ Purchase authorization limits defined and enforced
- ☐ Vendor master data maintained and updated
- ☐ Local sourcing initiatives for cost optimization

## 3.2 Inventory Management

- ☐ Inventory classification (ABC analysis) performed
- ☐ Economic Order Quantity (EOQ) calculations for key items
- ☐ Inventory turnover ratios monitored and optimized
- ☐ Stock-out and overstock situations minimized
- ☐ Warehouse management system operational
- ☐ Inventory counting procedures (perpetual/periodic) implemented
- ☐ Obsolete and slow-moving inventory identified and managed

## 3.3 Supply Chain Optimization

- ☐ Supply chain risk assessment completed
- ☐ Supplier diversification strategy implemented
- ☐ Transportation and logistics costs optimized
- ☐ Supply chain visibility and tracking systems
- ☐ Demand planning and forecasting accuracy measured
- ☐ Supplier relationship management program operational
- ☐ Supply chain sustainability initiatives implemented

## 4. SALES & MARKETING OPERATIONS

### 4.1 Sales Management

- ☐ Sales strategy aligned with business objectives
- ☐ Sales territories and target allocation rationalized
- ☐ Sales performance tracking and analytics system
- ☐ Customer relationship management (CRM) system operational
- ☐ Sales force productivity metrics monitored
- ☐ Sales pipeline management and conversion tracking
- ☐ Commission and incentive structures aligned with objectives

### 4.2 Marketing Effectiveness

- ☐ Marketing strategy documented and budget allocated
- ☐ Brand positioning and value proposition clearly defined
- ☐ Digital marketing strategies and ROI measurement
- ☐ Customer segmentation and targeting strategies
- ☐ Marketing campaign effectiveness measured
- ☐ Lead generation and qualification processes
- ☐ Customer acquisition cost (CAC) and lifetime value (CLV) tracked

### 4.3 Customer Service Standards Defined & Communicated

- ☐ Customer complaint handling procedures established
- ☐ Customer satisfaction surveys conducted regularly
- ☐ Net Promoter Score (NPS) or similar metrics tracked
- ☐ Customer retention strategies implemented
- ☐ Service level agreements (SLAs) with customers documented
- ☐ Customer feedback loop for product/service improvement

## 5. HUMAN RESOURCES OPERATIONS

### 5.1 Organizational Structure & Staffing

- ☐ Organizational design supports business strategy
- ☐ Job descriptions current and comprehensive
- ☐ Manpower planning aligned with business growth
- ☐ Recruitment and selection processes standardized
- ☐ Employee onboarding program comprehensive
- ☐ Succession planning for critical roles
- ☐ Span of control analysis for management positions

### 5.2 Performance Management System

- ☐ Performance appraisal system fair and transparent
- ☐ Goal setting and performance tracking mechanisms
- ☐ 360-degree feedback system (if applicable)
- ☐ Performance improvement plans for underperformers
- ☐ High performer retention strategies
- ☐ Career development pathways defined
- ☐ Performance-linked compensation system

### 5.3 Training & Development

- ☐ Training needs assessment conducted annually
- ☐ Employee skill development programs implemented
- ☐ Leadership development initiatives operational
- ☐ Training effectiveness measured and evaluated
- ☐ Cross-training programs for business continuity
- ☐ Technical and soft skills training balanced
- ☐ Training budget allocation and utilization tracked



## 5.4 Employee Engagement & Retention

- ☐ Employee satisfaction surveys conducted regularly
- ☐ Employee engagement initiatives implemented
- ☐ Work-life balance policies and programs
- ☐ Recognition and reward programs operational
- ☐ Employee grievance handling mechanism
- ☐ Exit interview process and trend analysis
- ☐ Retention strategies for critical talent

## 6. TECHNOLOGY & INFORMATION SYSTEMS

### 6.1 IT Infrastructure Management

- ☐ IT infrastructure capacity planning performed
- ☐ Network security measures implemented and tested
- ☐ Data backup and disaster recovery procedures tested
- ☐ IT asset management system operational
- ☐ Software licensing compliance verified
- ☐ IT service level agreements with vendors monitored
- ☐ Cloud computing strategy and implementation

### 6.2 Business Applications & Systems

- ☐ ERP system functionality meeting business needs
- ☐ System integration between different applications
- ☐ Data accuracy and integrity controls implemented
- ☐ User access controls and permissions managed
- ☐ System performance monitoring and optimization
- ☐ Business intelligence and analytics capabilities
- ☐ Mobile and remote access security measures



## 6.3 Digital Transformation Initiatives

- ☐ Digital transformation roadmap developed
- ☐ Process automation opportunities identified and implemented
- ☐ Customer-facing digital solutions operational
- ☐ Data analytics capabilities for business insights
- ☐ Artificial intelligence/machine learning implementations
- ☐ Internet of Things (IoT) applications where relevant
- ☐ Digital marketing and e-commerce platforms optimized

## 7. OPERATIONS & PRODUCTION MANAGEMENT

### 7.1 Production Planning & Control

- ☐ Production planning system aligned with demand forecasts
- ☐ Capacity utilization optimized across facilities
- ☐ Production scheduling system operational
- ☐ Work-in-progress (WIP) inventory managed effectively
- ☐ Production efficiency metrics tracked and improved
- ☐ Bottleneck analysis and resolution procedures
- ☐ Lean manufacturing principles implemented

### 7.2 Quality Management System

- ☐ Quality management system (ISO 9001 or equivalent) certified
- ☐ Quality control procedures at each production stage
- ☐ Customer complaint and return analysis system
- ☐ Supplier quality management program
- ☐ Continuous improvement initiatives (Kaizen, Six Sigma)
- ☐ Quality metrics and dashboard reporting
- ☐ Product recall procedures documented and tested





## 7.3 Maintenance & Asset Management

- ☐ Preventive maintenance schedules implemented
- ☐ Asset utilization rates monitored and optimized
- ☐ Maintenance cost analysis and budgeting
- ☐ Equipment downtime tracking and analysis
- ☐ Spare parts inventory management
- ☐ Asset replacement and upgrading strategies
- ☐ Total productive maintenance (TPM) implementation

# 8. REGULATORY COMPLIANCE & RISK MANAGEMENT

## 8.1 Compliance Management System

- ☐ Compliance calendar maintained and monitored
- ☐ Regulatory updates tracking and impact assessment
- ☐ Compliance training programs for relevant employees
- ☐ Internal compliance audit program operational
- ☐ Compliance violations tracking and remediation
- ☐ Legal and regulatory counsel engagement protocols
- ☐ Industry-specific compliance requirements addressed

## 8.2 Risk Management Framework

- ☐ Enterprise risk management framework implemented
- ☐ Risk register maintained and regularly updated
- ☐ Risk assessment methodology standardized
- ☐ Risk mitigation strategies developed and implemented
- ☐ Risk monitoring and reporting system operational

- ☐ Business continuity and disaster recovery plans tested
- ☐ Insurance coverage adequacy reviewed annually

## 8.3 Internal Controls Environment

- ☐ Internal control framework documented and implemented
- ☐ Segregation of duties analysis and implementation
- ☐ Authorization controls for different transaction types
- ☐ Management override controls implemented
- ☐ Internal audit function independence and effectiveness
- ☐ Control deficiency identification and remediation process
- ☐ Management assertion on internal control effectiveness

# 9. CUSTOMER & STAKEHOLDER MANAGEMENT

## 9.1 Customer Relationship Management

- ☐ Customer portfolio analysis and segmentation
- ☐ Key account management programs operational
- ☐ Customer profitability analysis performed
- ☐ Customer lifecycle management strategies
- ☐ Cross-selling and up-selling programs
- ☐ Customer data management and privacy protection
- ☐ Customer communication and engagement strategies

## 9.2 Supplier & Partner Management

- ☐ Strategic supplier relationship management
- ☐ Supplier performance scorecards maintained
- ☐ Joint business planning with key suppliers

- ☐ Supplier development programs implemented
- ☐ Partnership agreements regularly reviewed
- ☐ Supplier risk assessment and mitigation
- ☐ Local supplier development initiatives

## 9.3 Community & Government Relations

- ☐ Corporate social responsibility (CSR) programs operational
- ☐ Community engagement initiatives implemented
- ☐ Government relations and liaison programs
- ☐ Public relations and communications strategy
- ☐ Stakeholder feedback and grievance mechanisms
- ☐ Sustainability reporting and initiatives
- ☐ Local employment and development contributions

# 10. FINANCIAL REPORTING & ANALYTICS

## 10.1 Management Reporting System

- ☐ Monthly financial statements prepared timely and accurately
- ☐ Management dashboard with key operational metrics
- ☐ Variance analysis and commentary for key metrics
- ☐ Segment-wise profitability analysis
- ☐ Cash flow reporting and projections
- ☐ Ratio analysis and trend identification
- ☐ Peer comparison and benchmarking analysis

## 10.2 Business Intelligence & Analytics

- ☐ Monthly financial statements prepared timely and accurately
- ☐ Management dashboard with key operational metrics
- ☐ Variance analysis and commentary for key metrics
- ☐ Segment-wise profitability analysis
- ☐ Cash flow reporting and projections
- ☐ Ratio analysis and trend identification
- ☐ Peer comparison and benchmarking analysis

## 10.2 Business Intelligence & Analytics

- ☐ Data warehouse and business intelligence tools operational
- ☐ Predictive analytics capabilities developed
- ☐ Customer analytics and insights generation
- ☐ Operational analytics for process improvement
- ☐ Financial modeling and scenario analysis capabilities
- ☐ Real-time reporting and alerting systems
- ☐ Self-service analytics tools for business users

