

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

