



# **Industry Credit Group**

## Credit Management Audits



# Veri-Credit Credit Management Services

Veri-Credit's Credit Control Audit Services is the checking and validation of credit management policies, procedures, systems and company results by an independent professional party.

Cash flow management is vital to the health of your business. The often used saying, `revenue is vanity, profit is sanity; but cash is king` remains sage advice for anyone managing company finances. To put it another way, most businesses can survive several periods of making a loss, but they can only run out of cash once.

The importance of cash flow is particularly pertinent at times when access to cash is difficult and expensive. A credit crunch creates extreme forms of both of these problems. When the `real economy` slips into recession, businesses face the additional risk of customers running into financial difficulty and becoming unable to pay invoices – which, allied to a scarcity of cash from non-operational sources such as bank loans, can push a company over the edge.

To obtain assurance that the procedures and controls over collection including the debt acceleration are adequate and effective by ensuring that:

## **General**

- There is segregation of duties among these functions : custody of cash/cheque collected, deposit of cash/cheque received and the recording.
- KPI have been identified, into obtained and periodically reviewed to assess performance of collection.

## **Custody of Cash/Cheque Collected**

- Adequate collection activities are undertaken to collect all amounts due and these intensify as the age of receivable increase.

## **Deposit of Cash/Cheque Received**

- All cash/cheque received upon delivery of goods or upon service payment are promptly deposited in the company bank account correctly and completely.

## **Recording**

- Cash/Cheque received transactions are recorded accurately and completely on a timely basis.
- All adjustment transactions are approved by authorized person.
- Customer aging has prepared for classifying and following of collection.
- Bad debt write-off are recording by the company policy.

**For more information email: [info@veri-credit.com](mailto:info@veri-credit.com)**