

SYSTEM/CYCLE: Revenue & Receipt Cycle

FUNCTIONS/STAGES:	Ordering	Granting of credit	Shipping Products	Invoice the Customer	Receipt of Payment
People/Division	<ul style="list-style-type: none"> - Customers, sales clerk, marketing/sales department 	<ul style="list-style-type: none"> - Credit controller, credit control division 	<ul style="list-style-type: none"> - Warehouse manager; gate controller; dispatch personnel, the delivery driver 	<ul style="list-style-type: none"> - Customer, Accounting dep, Accounts receivable clerk. 	<ul style="list-style-type: none"> - Accounting dep, Cashbook Clerk
Docs and Records	<ul style="list-style-type: none"> - Customer orders, price list, picking slip 	<ul style="list-style-type: none"> - Customer Order, proof of income of a customer, bank statements of customers 	<ul style="list-style-type: none"> - Customer order, picking slip, delivery note, despatch list 	<ul style="list-style-type: none"> - Customer order; customer invoice; subsidiary journals - Dr: Debtors Control - Cr: Sales 	<ul style="list-style-type: none"> - Remittance advice, receipts of payment, bank statement, debtors statement, debtors age analysis, and memos
Risks	<ul style="list-style-type: none"> - A customer order may not be processed. - Incomplete customer orders - Fictitious orders maybe processed. - Unauthorised customer orders. 	<ul style="list-style-type: none"> - Granting credit to customers who can't pay. - Reckless granting of credit, e.g. granting credit to blacklisted customers - Penalties due to non-compliance with legislation. - Fines due to non- 	<ul style="list-style-type: none"> - Goods may be taken for personal use by employees. - Goods may not be delivered. - Incomplete deliveries. - Unauthorised deliveries. - Goods may be stolen. - Goods maybe delivered to fictitious customers. 	<ul style="list-style-type: none"> - Invoicing incorrect amounts to customers. - Customers may not be invoiced for the goods ordered. - Recording incorrect amounts in the journals. - The sales transaction may not be recorded at all. - Recording 	<ul style="list-style-type: none"> - Payment for sales may not be recorded. - Payments maybe recorded in the wrong accounts. - No payments. - Customer accounts may not be deducted for payments made/received.

		compliance with legislation.		sales transactions in the wrong financial period. - Recording of incorrect balances in the trial balance/general ledger.	
Controls	<ul style="list-style-type: none"> - Orders may only be processed if they have been authorised by some senior personnel. - Orders should be recorded on the system and accompanied by picking slips. - Process complete orders only and follow up on any incomplete orders. - Process orders after checking the availability of goods requested by customers. 	<ul style="list-style-type: none"> - A policy on granting credit has to be followed when granting credit to customers. - Credit terms and conditions must be clearly communicated with the customers. - Credit granting should be followed by conducting background checks to ensure credit worthiness of prospective customers. 	<ul style="list-style-type: none"> - CCTV cameras should be installed at the despatch section/area. - Access to the warehouse should be restricted with exception of authorised personnel only. - Deliveries should only be done after proper authorisation enforced by the senior manager. - The security guard should inspect the goods delivered in the truck before the driver exits the company premises and the driver should 	<ul style="list-style-type: none"> - The customers invoice must be accompanied by a delivery note and a copy of a completed customer order form. - The finance manager should perform reconciliations after scrutinising the customer documents to ensure accuracy of balances. - 	<ul style="list-style-type: none"> - Supervision. - Segregation of duty. - Safeguarding of assets in terms of cash payments. - Payments should be recorded in the period for which it was received.

			sign the logbook for every delivery made.		
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