

Management Information System
(MIS)

Compiled by: Spandane

Section I

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Preface

I am happy to place 13th book in the hands of a busy Entrepreneur. It is my experience over the years that a small Entrepreneur is invariably busy in facing day to day problems of the business. He is always worried about seeking orders, execution, retaining staff, collection of outstanding, overdrawn cash credit limits etc. No doubt he appoints the Auditor, Accountant and consultants to take care of accounting & other work but with the main purpose of meeting the statutory obligations. No doubt that he is a sound technocrat but at times lacks in administration and accounts and he is usually at the mercy of his consultants, staff & Banker. He invariably spends substantial time with the bank officials. He generally has the tough task of furnishing information to bank. **With this class of businessmen in mind, I have compiled this book on 'Management Information System' (MIS).** This book will also **help the Banker** to get bird's eye view of the business intricacies. Banker can also guide the major borrower in implementing the MIS which will indirectly benefit the banker as information would flow more smoothly from the borrower.

The salient features of any manufacturing organization are similar but the scale of operations, multi products and multi production facilities may make things little complicated for management control. Any book on MIS as a general rule should run into few hundred pages. Friends, you would observe that my book does not meet this measuring rod. But it covers all the necessary guidance for controlling various business aspects. In every topic, few pertinent questions have been raised and the commentary follows to offer solution along with the necessary MIS Formats. **The book has been divided in 4 sections namely MIS Principles, Management Articles, MIS Formats and Excise Audit Formats.**

The underlying MIS principles would be applicable and relevant for any manufacturing organization irrespective of scale. Formats have been designed in such as way to report the required information for the management for decision making. The said MIS formats may be modified according to the business needs. I have also included **Section IV for Excise Audit Formats.** These Formats may be helpful to units covered under Excise Audit for submission of

information to Excise Audit Team. You can also make use of these formats in addition to various formats given in **Section III**.

For becoming a **'Good Manager'** it is necessary to acquire special skills. Hence I have compiled the Management Articles to give you bird's eye view of road map towards becoming a **'Good Manager'**. It is quite likely that the entrepreneur may be technically qualified and experienced but unless he has the overall knowledge of Management Principles, he would face difficulties in successfully carrying out his business, dealing with staff, consultants, bankers etc. **The Management Articles have been specially compiled for the entrepreneur as an aid for taking the business to new height.** It is quite likely that every technocrat might not have taken formal management education and he would learn the subject more from the interaction with his Managers, Consultants and his experience. With this purpose, I have decided to include a separate section on Management Articles in this book on Management Information System. Kindly refer **Preface of Section II before reading the Management Articles.**

I give below the list of various Books compiled by me.

- 1 Bank Audit Formats
- 2 Bank Year End Closing Statements
- 3 Financial Analysis
- 4 Training Notes to Bank Staff
- 5 Unit Inspection
- 6 Insurance
- 7 Excise Duty Formats
- 8 Management Handouts
- 9 Project Report
- 10 Assets Classification & Provisioning Norms (UCB)
- 11 Guidelines for Investment in Share Market
- 12 Information System Audit of Banks

I sincerely hope that this series of books will help the readers in **discharging their duties** and at the same time to **enjoy the work**. I will appreciate if reader can give suggestions, comments,

and criticism and call my attention to errors which might have crept in inadvertently so that they can be included in future revisions of these books.

The contents of this book on MIS are the intellectual property and copyright of the Author. No part may be used or reproduced in any form or manner. I also request the readers to send their feedback by email to Spandane2008@ gmail.com.

I take this opportunity to express my **sincere thanks** to my wife, my clients and friends who have inspired me to compile this series of useful books.

CA. Sudhir Vaidya
21-07-2010

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i) MIS & Accounting Manual Implementation Programme

1	To decide the effective date for implementation.
2	To depute the executive to co-ordinate the implementation programme.
3	To hold meetings of concerned staff to discuss MIS & Accounting Manual.
4	To draw / Print various Registers.
5	To get the Formats printed.
6	To record the difficulties / problems faced by the staff while preparing Registers / Reports.
7	To discuss the remedial action to encounter the problems.
8	To review / study the information generated by Registers / Reports.
9	To revise the Formats if required in the light of experience.

1.0/ Objectives of MIS & Accounting Manual

	Management Information System (MIS) and Accounting Manual has been designed to achieve the following objects:
1	To establish Sales & Production Records.
2	To facilitate Material Procurement & Control.
3	To establish Accounting & Stores Procedure.
4	To ensure co-ordination of various departments.
5	To establish Reporting Procedure.
6	To control Costs.
7	To maximise / Optimise Profits.
8	Misc. Matters such as Insurance, Flow of papers, Security records, Meetings, Organization Structure etc.

2.0/ Organization Structure

Staff Strength - Factory			
Sr. No.	Designation	Existing	Proposed
1	Works Manager		
2	Shift In charge		
3	Supervisor		
4	Foreman		
5	Stores Keeper		
6	Administrative staff incl. Time office		
7	Maintenance Staff		
8	R & D Staff		
9	Workers:		
9.1	Skilled		
9.2	Unskilled		
9.3	On Contract		
	Total		

Staff Strength - Office			
Sr. No.	Designation	Existing	Proposed
1	General Manager		
2	Marketing Manager		
3	Sales staff		
4	Purchase Manager		
5	Purchase dept. staff		
6	Personnel Manager		
7	Personnel dept. staff		
8	Administration Manager		
9	Administration dept. staff		

10	Finance Manger / Chief Accountant		
11	Accounts dept. staff		
12	Company Secretary		
13	Secretarial dept. staff		
14	Security staff, peons, drivers etc.		
15			
	Total		

3.0 / Production:

3.1	Bill of Material:
	The Production department should:
a	Finalize the Bill of Material of each product. (Refer Format No. 02/Section IV)
b	Constantly review the Production process. (Refer Format No.16/Section IV)
c	Carry out Value Analysis to reduce the cost of production, in consultation with R & D dept. and experts in the field.
3.2	The Production department should work out Production Planning for a month at a time, considering the seasonality of demand, orders on hand, stocking policy of FG & WIP, availability of raw materials etc.
3.3	
a	Daily production data should be compiled as per Format no. 1 and compared with standard output and reasons for adverse variation should be analyzed and acted upon.
b	Production Register should be kept to record day wise production and sales of finished product. (Format No. 2) Also Refer Format No. 01/Section IV .

4.0/ Sales

4.1	The Questions to be answered:
a	Who are the current customers? (Refer Format No. 4/ Section IV)
b	Who are the probable customers? (Refer Format No. 4/ Section IV)
c	How to market the product - Through dealer net work or directly?
d	In which Territory / Region, the product should be marketed?
e	To what extent advertising support is required?
f	What is the total production capacity of the industry? Present & Future?
g	What is the existing & projected demand of the Product?
h	What is our existing market share?
i	What is our projected market share?
j	What should be the selling price? (Refer Format No. 05 / Section IV)
k	Whether selling price is to be revised periodically? (Refer Format No. 07 / Section IV)
l	What credit terms should be offered to customers - dealers?
4.2	The activities of Sales department are broadly as under:
a	To appoint Dealers / Indenting Agents.
b	To approach customers directly (cold canvassing) or through letters, pamphlets, advertisement.
c	To book orders & issue order confirmations.
d	To execute the order.
e	To raise invoice for the supply.
f	To collect the outstanding.
4.3	Record keeping:
a	The following Records should be kept by Sales department.
i	Dealership agreements.
ii	Advertisement plan, advertising contracts etc.
iii	Customers & Customer ID
iv	Order Register

v	Collection Diary
b	No order should be accepted verbally. Every order should be acknowledged / confirmed. The details of every such order should be recorded in Order Register. (Format No.3)
c	
i	When Payment is received , the details should be mentioned on the invoice as well as in the collection diary.
ii	Collection diary is readily available in the market and hence the format of the same has not been specified.
iii	The company may maintain in addition / in substitution Invoice wise collection statement / Register (Format No.4) on day to day basis to enable the management to know the outstanding position of every invoice.
4.4	The following Reports should be compiled every month:
a	Statement of unexecuted orders booked:
	The said statement can be compiled from Order Register . The statement will enable the Management to know the unexecuted order position which in turn will facilitate the production planning. The statement will also throw light as UPR (Unit price realisation) (Refer Format No.5)
b	Agewise Analysis of Debtors:
	The outstanding at end of every month should be analysed periodwise for prompt recovery action. (Format No. 6)
4.5	It is not out of place to mention that ' SALE IS A SALE ONLY WHEN REALISED '.
4.6	Product wise / Year wise details of Qty. Sold, Sales & UPR should be compiled at end of the year as per Format No. 10/ Section IV

05 / Material Control

5.1	Raw Material represents a major component of the Total Cost of Production and hence requires close control to ensure maximum returns on Sale.
5.2	The objective of Material Control is to ensure that....
a	The right quality of material is made available
b	In the right quantities ,
c	At the right time ,
d	In the right place ,
e	At the right price .
5.3	The above objective leads to few Questions / Decisions to be taken.
a	What to purchase?
b	When to purchase?
c	How much to purchase?
d	Where to purchase? (Refer Format No. 03 / Section IV)
e	At what price to purchase? (Refer Format No. 06 / Section IV)
a	What to purchase? Mainly
i	Raw Material
ii	Packing Material
iii	Stores & Spares
b	When to Purchase?
i	It is needless to say that when the order for new stock should be placed will vary from time to time . The organization will know from experience how much time usually elapses between placing the order with the supplier and the actual physical delivery of the stock. This is referred to as ' Lead Time '.
ii	The order should be placed such that the usage during the lead time will reduce the

	stock to zero by the time delivery takes place.
➤	e.g. If monthly demand is 100 kg and lead time is 1.5 months, then the order should be placed when stock level reaches about 150 kg.
iii	It is also necessary to build a Margin of Safety into the reorder level. Margin of safety would depend on---
a	Management's assessment of the risk of either demand / consumption being greater than expected during the lead time.
b	The supplier taking longer time than expected to deliver.
➤	In both cases, there would be the danger of dislocation of production or loss of customer goodwill.
c	How much to Purchase?
	The management has to balance two types of costs namely
i	Costs of holding stocks: These are the tangible costs which increase as the level of stock increases.
ii	Costs associated with holding zero or low levels of stock: These costs tend to reduce as the level of stocks increases.
i	Costs of holding stocks will include Financing cost, Storage cost, Insurance and protection costs and obsolescence costs.
ii	Costs associated with holding zero or low levels of stock include cost of loss of customer goodwill, cost of productions dislocation and ordering costs.
➤	The organization should determine the stock level at which total stock costs are at minimum.
➤	This leads to another interesting question as to what is the quantity of stock which should be bought in order to minimize costs.
	In other words, what is the economic order quantity? (EOQ)
	$EOQ = \sqrt{2 AC / H}$ i.e. square root of [2AC divided by H]
	Where: C is the cost associated with placing each order / A is the annual demand for

	(or usage of) the stock item / H is the cost of holding one unit of stock for one year.
d	Where to Purchase?
e	At what price to Purchase?
➤	Depending on the type of material and its requirement, the same can be procured directly from the respective manufacturers under long term contracts or from their dealers or retailers. The organization should make the list of 3 suppliers per item of material required for production and obtain their firm quotations.
5.4	The different stages through which Material Control will be achieved are as follows:
i	Indenting for Materials.
ii	Issuing of tenders to suppliers and receiving their quotations.
➤	Depending upon the seasonality of demand & production planning, material requirement should be worked out with time break-up . This would serve as a guidepost for negotiations with the suppliers for entering in to long term contracts.
➤	The comparative statement of quotations should be made for each item.
➤	The various terms such as capacity to supply, rate, delivery period, credit allowed, quality etc. should be given appropriate weightage and then final decision should be taken.
iii	Placing of Purchase Orders with Suppliers:
➤	Purchase order is a document which has both legal and accounting significance. Legally it binds both the purchaser and supplier to the terms under which the order is placed and forms the basis on which any future dispute regarding the supply will be adjudged.
➤	The procedural aspect of placing purchase order is detailed below:
a	All purchase orders should be serially numbered . Purchase orders issued by Factory should be numbered name of the company / F 001 /Year. PO issued by HO will be numbered as name of the company / HO 001 / Year
b	No orders should be placed verbally. If order is placed in emergency, then the same

	should be confirmed in writing. The fact that this is the confirmation of verbal order placed earlier should be mentioned clearly. Otherwise delivery may be given again.
c	Four copies of purchase orders should be made and distributed as follows:
➤	Original to supplier / second copy should be obtained duly acknowledged by the supplier (to be kept as master copy at HO) / Third copy to Factory / Fourth copy to HO.
iv	Receiving the Material:
v	Inspection & Rejections:
a	Material is delivered by the supplier under its delivery challans . One copy of the challan should be returned to supplier duly signed after affixing the rubber stamp 'Qty. received subject to checking & approval.
b	The details of material received should then be entered immediately in Material Inward Register. (Format No.7) and in Material Receiving & Inspection Report (MRIR) Format No.8.
c	The material should be inspected by concerned official and the necessary remark should be passed in MRIR.
d	3 copies should be made of MRIR and distributed to 1 st copy to HO accounts dept. / 2 nd copy to Factory accounts dept. / 3 rd copy to be treated as Master copy/book copy.
e	Any material rejected should be kept separately and supplier should be asked to collect the same at his cost. The necessary record of material rejected and returned should be maintained by Stores Dept.
f	In order to ensure proper management and control over material, particular attention should be given to the following:
➤	Stores Layout should be proper.
➤	Adequate security should be provided.
➤	Proper handling of materials should be ensured.
➤	Periodic review should be made of physical condition of material.
➤	Scrutiny of shortage / excess found on physical verification.
g	Suppliers should be informed that material will be accepted at factory only during day time. (say 8 am to 4 pm)

vi	Material Issued Report (MIR) Format No.9
a	No material should be issued out of stores without Material Issue Report. (MIR)
b	The said report should be authorised by Works Manager.
c	3 copies should be prepared of MIR and distributed to:
	1 st copy to be kept in stores / 2 nd copy to Production dept. / 3 rd copy to be sent to HO.
vii	Stock Records / Reports:
➤	The following records should be kept by the factory.
a	Material inward Register (Format No.7)
b	MRIR (Format No.8)
c	MIR (Format No.9)
d	Stock Register - Raw Material & Stores (Format No.10)
e	Stock Register - WIP (Format No.11)
f	Stock Register - Finished Goods (Format No.12)
➤	Note-d, e & f: Separate folio should be allotted to each item. One item with different specification should be treated as different item for the purpose of keeping the Stock records. Monthly Totals of Receipt & Issues should be written.
g	Stock Position Report should be sent to HO on or before 5 of the following month. One copy should be retained by the factory.
➤	Stock of Raw Material (Format no.13)
➤	Stock of WIP (Format No. 14.1)
➤	Stock of FG (Format No. 14.2)
viii	Purchase Bill Passing:
a	Accounts department should keep Purchase Order Status Register (Format No.15) separately in respect of PO issued by Factory and HO. Separate folio should be used in case PO is issued for a large quantity while the delivery is to be made in small lots. Advance payment should also be entered against the respective purchase order.

b	Scrutiny should be made fortnightly of the following:
➤	Material not received (indicated by MRIR column of Format No.15)
➤	Material received but bill not received. (Indicated in Purchase bill column in Material Inward Register)
➤	Bill received but material not received. (Not accompanied by MRIR)
➤	Bills Unpaid Register: All bills should be listed as per following format after passing as mentioned in Para c below. Month _____ Bill no/Date / Supplier / Rs. /Passed /Paid on
c	The following documents should be co-related and checked to pass the bill. Rubber stamp indicating MRIR No. & PO No. should be affixed on every purchase bill.
➤	Purchase order copy / MRIR / Supplier's Bill copy & Chalan /
d	All purchase bills should be settled by issuing cheques . All purchase bills on payment should bear rubber stamp indicating that the bill has been paid along with cheque number and date. Cheques should be issued after obtaining signature on bank payment voucher and obtaining official stamped receipt. Cheques should be sent by Regd. AD in case of urgency. The payment entry should be made in Purchase Order Status and entry in unpaid bill summary should be cancelled by stating the date of payment.
ix	Misc. Sale:
➤	Used containers, barrels, drums and other packing material etc. received with raw material should be collected at a particular place and can be reused if possible or sold at periodic intervals. The necessary record should be kept of these items.
5.5	Stock verification should be done on monthly basis by surprise and shortage /excess should be noted separately in a stock register.

6.0 / Accounting Records:

6.1	Books of Accounts:	
	The following books of accounts should be maintained: Preferably on Computer.	
i	Ledger – General, Debtors, Creditors.	
ii	Cash Book – Factory , Branches, Head Office	
iii	Bank Book - Factory , Branches, Head Office	
iv	Petty Cash Book - Factory , Branches, Head Office	
v	Purchase & Expense Register - Factory , Head Office	
vi	Sales Register	
vii	Journal	
viii	Debit Note Register	
ix	Credit Note Register	
x	Fixed Assets Register	
xi	Stock, Stores Register etc.	
	➤ Vouchers of each category should be filed separately.	
	➤ Books may be maintained manually or on computer using the appropriate accounting software such as Tally.	
	➤ Accounts may be maintained at HO on consolidated basis or the same may be maintained at each unit such as Factory, Branches and HO separately and then final consolidation may be done on monthly basis.	
6.2	Memorandum Records:	
		Format No.
i	Unpaid Bills Register as per Para no.5.4 (viii) (b)	---
ii	Purchase Order Status Register	15
iii	Cash Statement	16
iv	Bank Statement	17
v	Telephone expenses	18
vi	Power	19

vii	Due date diary	20
viii	List of Rubber stamps	
ix	List of all Licenses, registrations etc.	
x	Power cut / Power failure Register as per following format.	
➤	Date / Time from / To /Reason	
xi	List of Bank Accounts (Refer Format No. 09 / Section IV)	
xii	Stock details (Refer Format No. 08 / Section IV)	
xiii	Finished Goods Quantity reconciliation (Refer Format No. 11 / Section IV)	
xiv	Raw Material Quantity reconciliation (Refer Format No. 12/ Section IV)	
xv	Raw Material Consumption Variance Quantity reconciliation (Refer Format No. 13/ Section IV)	
6.3	Cash Statement: (Format No.16)	
i	Cash at Factory, Branches and Head Office should be kept on imprest basis.	
ii	Factory/Branch Accountant should send the cash statement with vouchers to Accounts department at HO on daily /weekly basis, after retaining one copy of the statement for his reference. In case separate accounts are maintained at Factory, Branches, then only statement may be sent for reference.	
iii	The particulars should be written clearly on the vouchers.	
iv	The said statement should be checked by HO accountant and discrepancies if any should be pointed out immediately.	
v	Ho should also make necessary arrangement to send cash / bearer cheque, depending upon the cash balance held in case bank account is not operated by Factory / Branch for withdrawals.	
6.4	Bank Statement: (Format No.17)	
i	A separate bank account should be operated at Factory, Branch and at Head Office.	
ii	Factory/ Branch Accountant should send Bank Statement daily/weekly to Head Office in respect of each account.	

6.5	Payments:					
i	Passing bills & Payment procedure has already been explained earlier.					
ii	ITDS provisions should be borne in mind while making payments.					
iii	ITDS payment should be deposited; ITDS Return should be filed as per the prevailing provisions.					
6.6	IOU:					
i	Factory/Branch Accountant & HO Accountant should also maintain Rough Cash book to record Receipt & Payment of Cash.					
ii	Summary Of IOU's should also be maintained as per the following format in a separate register.					
➤	IOU Paid on	To whom	Purpose	Rs.	Receiver's sign.	Authorised by
iii	When IOU is cleared, the entry should be cancelled by mentioning the date of adjustment.					
iv	New IOU should not be paid unless old IOU is cleared.					
v	Actual cash on hand at end of each day i.e. Receipts Less Payments Less IOU should be stated together with denomination wise details, in a separate cash balance Register.					
6.7	Monthly Accounts:					
i	Profit & Loss Account (Format No. 29 & 30 / Section III)					
ii	Balance Sheet (Format No. 31 / Section III)					
iii	Analysis of Raw Material Stock & Production Yield (Format No. 32 / Section III)					
iv	Financial Highlights (Format No.33 / Section III)					
6.8	Profit & Loss Account for the year and Balance Sheet as at year end should be prepared as per applicable Accounting Standards.					
➤	P & L and Balance Sheet Analysis may be made as per Format No. 14 &15 / Section IV.					

7.0 / Personnel

7.1	The Questions to be answered:
a	What should be the staff strength? (Refer Chapter 2 Organization Structure)
b	Whether separate personnel department is to be established?
7.2	Maintenance of Personnel Data:
i	Interview checklist (Format No.21) will assist to review the application (irrespective of post) from critical angles and will help to form objective opinion about the candidate.
ii	Personal Data Form (Format No. 22) should be obtained from all employees at the time of recruitment and also on yearly basis.
iii	Staff Appraisal should be made of each employee on yearly basis to assess his / her contribution / value to the organization. (Format No.23)
iv	Daily Attendance Report. (Format No.24)
7.3	Other Statutory Registers such as Muster, PF Records, ESIS Records, Accident Register, Leave record etc. should be maintained in consultation with Labour Consultant.

08 / Administration

A	Filing System:	
A-1	Introduction:	
a	The importance of proper Filing System can not be neglected for the successful execution of any project / attaining business efficiency.	
b	The main objective of a Filing System is to facilitate easy identification of files.	
A-2	Classification of Files:	
a	The files should be classified according to category of correspondence which will be allotted a specific code.	
b	Within each category, file number will be allotted.	
c	If necessary year may be added after the category and then File number may be allotted. Files may be maintained year wise.	
d	In addition, one master file should be maintained year wise.	
A-3	The following table shows the category of correspondence and code allotted.	
	Category has been arranged as per functional responsibilities.	
	List is illustrative only.	
	Department / Name of the File	File No.
	Sales / Marketing department: (S)	
	Dealers	S-01
	Branches / Depots	S-02
	Advertising	S-03
	Tour Reports	S-04

	Orders	S-05
	Finance & Accounts Department: (F)	
	Fixed Assets	F-01
	Banks	F-02
	Sales Tax	F-03
	Income Tax	F-04
	PF	F-05
	ESIC	F-06
	Prof. Tax	F-07
	Vouchers, bills to be filed separately year wise.	
	Production department: (P)	
	Production Process	P-01
	Bill of Material	P-02
	Plant Layout	P-03
	Production Statistics	P-04
	Production Planning	P-05
	Administration & Personnel Department: (A)	
	Govt./ Local Authorities	A-01
	Personnel	A-02
	Administration	A-03
	Insurance	A-04
	Consultants	A-05
	Service contracts	A-06
	Staff wise separate files should be maintained.	
	Material Procurement & Store Department: (M)	
	Purchase Orders	M-01
	Stock Position	M-02

	Suppliers, Quotations	M-03
B	Letter Reference System:	
B-1	Objectives of Letter Reference System:	
a	To facilitate the filing of outward letters.	
b	To facilitate the distribution of incoming mail.	
B-2	The suggested letter reference is as under:	
	Category / File No. /Outward no.	
	e.g. Letter sent to Dealer XYZ & Co. The letter reference would be S-01 / File no. of XYZ & Co. (S-01 denotes Dealers)	
B-3	Copies of all correspondence done by Factory should be sent to Head Office.	
B-4	On top of the Letterhead, Address of the office sending the letter should be indicated along with the address where reply should be sent.	
C	Procedure for Inward correspondence:	
C-1	All incoming letters should be marked with ' Inward Stamp '. Inward Letter number and date of receipt should be mentioned on the stamp . In case of any letter received from Government authorities, the envelope should also be stapled with the letter. (This is necessary because in case of Government correspondence, delay has been noticed between date of the letter and franking date.)	
C-2	All such letters then should be entered in Inward Mail Register having following columns.	
	➤ Sr. No. / Date / Name of sender / Subject /Forwarded to /On /Signature	
C-3	Director, Manager should review the Inward Mail before the same is marked to the concerned official.	

D	Procedure for outward Correspondence:
D-1	Outward Register with following columns should be maintained:
➤	Outward Letter no. / Date / To whom sent / Subject / Mode / Postage stamps - Received, Used, Balance /Regd AD Slip Reference / UCP ref./ Peon book ref.
D-2	Regd. AD slips, Acknowledgements, UCP Slips should be filed separately. The said slips should bear the letter reference.
D-3	Letters hand delivered should be recorded in Peon book wherein signature should be obtained.
D-4	Postage stamps at the time of purchase should be debited to ' Advance for Postage ' and at end of the month, the entry should be passed for stamps used from the outward register.
D-5	Courier arrangement may be finalised. The terms should be negotiated and payment can be made on monthly basis.
D-6	The Outward Register should also record incoming letters which are received at factory / HO but to be sent to other office for action.

9.0/ Insurance

9.1	The Questions to be answered:
a	Whether Insurance cover is required?
b	If Yes,
i	Which Assets should be covered?
ii	Which Risks are to be covered?
iii	What should be the Sum Insured?
c	Choice of Insurance Company. --- Government or Private?
9.2	The List of Various Assets which need to be insured is given below:
i	Building.
ii	Plant & Machinery, Equipments.
iii	Furniture & Fixtures, Office Equipments.
iv	Electrical Installations including Computer system.
v	Vehicles
vi	Other Misc. Fixed Assets
vii	Stock of Raw Material, WIP, Finished Goods, Stores etc.
viii	Cash in Safe & In Transit
ix	Equipment & Material in transit - Inward / Outward
x	Assets, Stock etc. held in Trust
9.3	The various Risks to be covered:
i	Fire & Allied Risks as per Table A such as Flood, Cyclone, Air Craft damage, Land slide, Earthquake, Riot & strike, Damage to third party & their Assets.
ii	Loss due to theft / pilferage / burglary, housebreaking including hold up.
iii	Fidelity insurance
iv	Workmen's compensation policy
v	Loss of Profit
vi	Group Mediclaim

9.4	Sum Insured:
a	It should be ensured that Sum Insured should not be less than replacement cost of the assets regardless of its actual book value. This is necessary to avoid under insurance of assets.
b	Proposal form should be filled up carefully. All relevant facts should be disclosed in the proposal form which forms the basis of issuing Insurance policy. Whenever claim is lodged, proposal form is referred by Insurance company and surveyors to ascertain the compliance on the part of the insured.
c	Sum insured should be enhanced in between the insurance period in case of addition to Assets.
9.5	Insurance Period:
	Insurance Policies should be taken from 1st April to 31st March period to coincide with accounting year of the organization. Existing policies may be cancelled w.e.f. 31 st March and refund for the unexpired period could be adjusted against the premium amount.
9.6	Insurance Policy Register:
	The Insurance Policy Register should be maintained as per Format No. 25 and the same should be reviewed & updated from time to time.
9.7	It is in our interest to file the following papers / statements with Insurance company, to claim refund of premium.
a	Monthly Stock statement (if required by the policy condition)
b	Actual cash deposited, withdrawn and held.

10.0/ Security Arrangement

10.1	The Questions to be answered:
a	Whether Security arrangement is required?
b	If yes, how many security guards should be deputed?
c	Cost-benefit analysis of security cost -if employed & if hired?
d	Security agency to be finalized.
10.2	Security Records:
a	Security staff should keep record of every material, equipment that enters the site as per Format No.26 .
b	Visitor's Gate Pass duly signed by concerned person should be filed separately. (Format No.27)
c	Gate Pass of every material etc. moving out of the factory should be collected at the time of exit.
10.3	The Muster should be signed by the security staff and countersigned by Factory In charge.
10.4	Shifts of the Security staff should be changed on weekly basis.
10.5	Supervision on Security Staff:
a	Special purpose clock should be purchased and night shift staff should punch the dial in the clock. This would ensure whether guards were on active duty . The punched dials should be dated and kept on record.
b	Alert 2001 machine was also available in the market to 'watch the watchman'. The cost was approx. Rs.2500/-
10.6	Visitors:
a	Visitor's Gate Pass (Format no.27) should be issued to all persons entering the factory.

	Gate Pass should be prepared in duplicate. Signed copy of the Gate Pass should be collected at the time of exit.
b	A Register should be maintained to record the details of visitors. (Format No.28)
c	Record of contract staff should also be maintained in a separate register.
➤	Date/Contractor's name/Name of the person/Time in/Time out/Signature
10.7	While going out, the security staff should check the belongings etc. of the staff / visitors for the sake of control.
10.8	The Factory in charge should review the records kept by the security staff.
10.9	Every visitor should be given 'visitor's batch' and the same should be displayed.
10.10	Contract labour and others staying at Factory Site should be issued Identity cards.
10.11	The duties of Security staff would be as follows:
a	To keep the record of every material, equipment etc. that enters the factory site.
b	To keep record of visitors / to issue visitor's gate pass.
c	To keep record of contract staff.
d	To keep the attendance record of sweepers, receipt of newspapers, garlands & flowers for pooja etc.
e	To collect the Gate Pass of visitors & material at the time of exit.
f	To protect the Company Assets from natural calamity, pilferage, theft, housebreaking etc.
g	To maintain physical fitness, to conduct mock trials of disaster management.

11.0 / Rules & Regulations, Organization Polices etc.
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11.1	It is needless to say that success of any organization depends on laying down Rules, Regulations and Management policies of every aspect possible to avoid tension at a later stage and to enable delegation of authority.
11.2	The Rules, Regulations & Policies should be framed in respect of following:
i	Relating to Staff:
a	Organization structure, Designations, Staff Strength.
b	Grades, increments, DA, Bonus, Ex-Gratia, Allowances, OT, Promotions.
c	PF, ESIS, Canteen facilities, Uniforms, Medical facilities, Safety shoes, Other safety equipments such as Hand Gloves, Goggles etc.
d	Working Hours including Shift duties, Rotation etc.
e	Leave - CL, PL, SL and accumulations/encashment.
f	Holidays
g	Reimbursement of expenses such as Travelling, Conveyance, Other expenses.
h	Staff Training
i	Awards & Prizes for suggestions, Productivity etc.
j	Staff Loans & Advances,
k	Identity cards, Card punching, late marks etc.
ii	Cash hours
iii	Time for receiving / accepting material at the factory.
iv	Credit to Customers, dealers.
v	Credit from suppliers, vendors.
vi	Advertising campaign, advertising agencies etc.
vii	Stocking Policy - RM -WIP -FG, Order level.
viii	Letter head format, Company Logos, Colour scheme etc.
ix	Annual get together, Satyanarayan Pooja, Dassera celebrations etc.
x	

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11.3	While framing the Rules & Regulations in respect of above, the following factors should be considered.
a	Compliance of various Acts & Rules. E.g. Factories Act, PF Act, ESIS Act Etc.
b	Prevailing practice observed by other units having similar business.
11.4	It is also necessary to appoint the following Agencies / Professionals / Consultants etc.
i	Statutory Auditors
ii	Internal Auditors
iii	Tax Consultant
iv	Company Secretary
v	Labour & Factory Consultant
vi	Excise duty consultant
vii	Sales Tax, VAT Consultant
viii	Equipment & Electrical installation maintenance contractor
ix	Advertising agency
x	Clearing & forwarding agents,
xi	Travel agency
xii	
xiii	
xiv	
xv	

12.0 / Meetings & Minutes

12.1	Meetings:		
a	The mere submission of periodic Reports can not substitute / eliminate the Meetings of various concerned officials responsible for various functions.		
b	However it is advisable to follow the fixed time pattern for the meetings so that various problems can be discussed personally and remedial action can be proposed.		
c	The frequency of meetings needs to be discussed and finalized.		
d	Snacks should be served at the beginning of the meeting to avoid the disturbance and waste of time during the meeting.		
e	Attendance register may be maintained.		
	Date/ Names of executives attending the meeting / Signature		
f	Date of the next meeting may be fixed in the previous meeting.		
g	Meeting should be attended by the persons listed below. In case he is absent, then his deputy should attend the meeting.		
12.2	The general list of meetings is outlined below. (illustrative only)		
	Who should meet	When	Day & Time
a	Director, Factory In charge, Factory Accountant, Purchase Manager, Stores in charge,	Weekly	
b	Director, Sales Manager, Finance Manager,	Twice a week	
c	Director, Finance Manager, Personnel Manager	Twice a week	
d	Factory in charge, Shop floor supervisor, Foreman	Daily	
e	Factory In charge, Factory Accountant, Factory Personnel Manger, Factory Administration Manager, Purchase Manager, Stores in charge	Twice a week	
f	Finance Manager & Accounts Officers	Twice a week	
g	Finance Manager & Factory Accountant	Weekly	
h	Sales Manager & Sales Officers	Daily	

12.3	The minutes in brief should be noted in brief of every meeting.
12.4	The suggested Agenda for the meeting (Para 12.2 (a)) could be on the following lines.
i	Review of the last minutes
ii	Production, capacity utilization, production planning
iii	Procurement of Raw Material,
iv	Stock Position
v	Order position, UPR, Rejections
vi	Labour Relations
vii	Equipment failure, Power cut/failure.
viii	Monthly progress, comparison with Budget.
ix	Suggestions, complaints from vendors, customers, labour etc.

13.0 / Reports (illustrative)

13.1	It is needless to say that for the success of any business enterprise, it is necessary to review the actual performance vis-à-vis budgeted performance and to take remedial measures.	
13.2	Reports:	Format No.
i	Daily Production data	1
ii	Order book / UPR	5
iii	Agewise analysis of Debtors	6
iv	Stock Position - Raw Material	13
v	Stock Position - WIP & FG	14.1 /14.2
vi	Material not received	
vii	Material received but bill not received	
viii	Bill received but material not received	
ix	Unpaid supply bills	
x	Staff Appraisal	23
xi	Daily Attendance Report	24
xii	Monthly Reports:	
a	Profit & Loss Account	29
b	Details of Expenses	30
c	Balance Sheet	31
d	Analysis of RM Stock & Production Yield - Qty.	32.1/32.2
e	Financial Highlights	33
xiii	Analysis of P& L Account and Balance Sheet as per Format No. 14 & 15 / Section IV.	
➤	Budget for the next year should be prepared by end of March every year. The same may be revised after considering half yearly performance.	

14.0 / Submission of Reports, information & documents (illustrative)

Report/Information	From	To	Frequency	Due date	Format
Daily Production data	WM	Director	Daily	Next day	1
Order book / UPR	SM	Director	Monthly	5 th	5
Agewise analysis of Debtors	FM	Director	Monthly	5 th	6
Stock Position - RM	Stores	Director, PM	Monthly	5 th	13
Stock Position - WIP,FG	Stores	Director, PM	Monthly	5 th	14
Material not received	Purchase	Director, WM	Fortnightly	20/5	
Material received but bill not received	Purchase / FM	Director, WM	Fortnightly	20/5	
Bill received but material not received	Purchase / FM	Director, WM	Fortnightly	20/5	
Unpaid supply bills	Accounts	Director	Fortnightly	20/5	
Cash statement	Factory	HO Accounts	Daily	Next day	16
Bank statement	Factory	HO Accounts	Daily	Next day	17
Interview checklist		Director, PM	As & when		21
Personnel Review	Dept. head	Director, PM	Yearly	30 th April	23
Daily Attendance report	PM	Director,	Daily		24
Monthly Reports	FM	Director,	Monthly	10th	29,30,31, 32, 33

WM	Works Manager	FM	Finance Manager
SM	Sales Manager	PM	Personnel Manager

15.0/ Summary of Records to be kept. (illustrative)
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Para	Format	Name	Responsibility
3	1	Daily Production data	Production dept.
3	2	Production Register	Production dept.
4	3	Order Register	Sales dept.
4	--	Collection dairy	Accounts dept.
4	4	Billwise collection Register	Accounts dept.
5	7	Material Inward Register	Stores
5	8	MRIR	Stores
5	9	MIR	Stores
5	10	Stock Register - RM, Stores	Stores
5	11	Stock Register -- WIP	Stores
5	12	Stock Register - FG	Stores
5	15	Purchase Order Status Register	Accounts dept.
6	16	Cash Statement	Accounts dept.
6	17	Bank Statement	Accounts dept.
5	---	Unpaid Bill Register	Accounts dept.
6	18	Telephone Expenses	Accounts dept.
6	19	Power	Accounts dept.
6	20	Due date diary	Accounts dept.
6	---	Books of Accounts	Accounts dept.
6	---	List of Rubber stamps	Administration dept.
6	---	List of Licenses, Registrations etc.	Administration dept.
6	---	Power failure/ Power cut	Production dept.
7	21	Interview Reports	Personnel dept.
7	22	Personal Data Form	Personnel dept.
7	23	Staff Appraisal	Personnel dept.
9	25	Insurance Policy Register	Accounts dept.
10	26	Security Record	Security dept.

10	27	Visitor's Gate Pass	Security dept.
10	28	Record of Visitors	Security dept.
7	--	Muster / Punch cards	Personnel dept.
7	---	PF / ESIS Record	Personnel dept.
7	---	Leave Register	Personnel dept.
8 (A)		Files	Respective dept.
8 (C)		Inward Register	Administration dept.
8 (D)		Outward Register	Administration dept.
12		Minutes	Dept.head