

## **INFORMATION NECESSARY FOR OPERATIONAL REVIEW**

### **1) BANK AND NOTES:**

- a) LAST THREE BANK STATEMENTS – ALL ACCOUNTS
- b) BANK RECONCILIATIONS
- c) DESCRIPTION OF ACCOUNT PURPOSE
- d) SCHEDULE OF BANK CHARGES
- e) SCHEDULE OF SIGNATURES

### **2) DETAILS ON:**

- a) LETTERS OF CREDIT
- b) NOTES PAYABLE
- c) CREDIT LINES
- d) COMPENSATION BALANCE REQUIREMENTS
- e) COVENANTS ON LOANS
- f) COPY OF ALL LEASES
- g) NOTE AMORTIZATION SCHEDULES

### **3) FINANCIAL STATEMENTS:**

- a) TWO PRIOR YEARS BALANCE SHEET, INCOME STATEMENT AND
- b) CASH FLOW STATEMENTS
- c) LAST MONTHS FINANCIALS
- d) TRIAL BALANCE – CURRENT PERIOD
- e) CHART OF ACCOUNTS
- f) DEPRECIATION SCHEDULES
- g) TWO YEARS TAX RETURNS
- h) LAST AUDIT REPORT AND MANAGEMENT LETTER
- i) BUDGETS
- j) DESCRIPTIONS OF ACCOUNTING SOFTWARE
- k) DETAIL PRINT OUT OF THE FOLLOWING ACCOUNTS
- l) SUPPLIES-OFFICE & SHOP                      LEGAL
- m) BANK CHARGES                                      RENT EXPENSE
- n) INTEREST EXPENSE                                LEASE EXPENSE
- o) COMPUTER EXPENSE

### **4) ACCOUNTS PAYABLE:**

- a) CURRENT AGING
- b) VENDOR LIST

### **5) ACCOUNTS RECEIVABLE:**

- a) CURRENT AGING
- b) TOP FIFTY CUSTOMERS
- c) SCHEDULE OF PRIOR YEAR WRITE-OFFS

### **6) PAYROLL:**

- a) LIST OF EMPLOYEES – BY LOCATION
- b) LAST QUARTER TAX REPORTS – STATE & FEDERAL
- c) SCHEDULE OF EMPLOYEE BENEFITS
- d) 401 – K DOCUMENTS

- e) PRIOR YEAR PAYROLL SUMMARY
- f) PRIOR QUARTER PAYROLL SUMMARY
- g) LAST THREE MONTHS EXPENSE ACCOUNTS

7) **MISCELLANEOUS DOCUMENTS:**

8) **INSURANCE POLICIES – SPECIFICALLY INTERESTED IN RECEIVING THE FOLLOWING:**

- a) A COPY OF THE AUTOMOBILE LIABILITY/WORKER'S COMPENSATION POLICY.
- b) ESTIMATED DEPOSIT PREMIUM, DEDUCTIBLES PROVIDED ON AUTO LIABILITY POLICY/WORKER'S COMPENSATION.
- c) EXPLANATION OF HOW THE AUTO LIABILITY/WORKER'S COMPENSATION IS PAID(I.E., WEEKLY, MONTHLY, QUARTERLY, ETC.)
- d) EXPLANATION IF ANY PREMIUM FINANCE CONTRACTS ARE IN EFFECT IN ORDER TO COVER THE PREMIUMS.
- e) **GROUP HOSPITALIZATION**-IF THERE IS A GROUP HOSPITALIZATION POLICY IN EFFECT, PLEASE PROVIDE THE FOLLOWING:
  - 1) COPY OF MONTHLY BILLING.
  - 2) COPY OF BENEFIT BOOKLET, AND
  - 3) **EXPLANATION OF HOW THE HEALTH INSURANCE PREMIUMS ARE PAID AND IF THE COMPANY PAYS:**
    - a) EMPLOYEES ONLY;
    - b) EMPLOYEES AND FAMILY, OR
    - c) SOME COMBINATION THEREOF.
- f) **MISCELLANEOUS INSURANCE** – SUCH AS CARGO, LEGAL PROPERTY, LIFE INSURANCE, ETC.
  - a) COPY OF ALL POLICIES
  - b) ESTIMATES PREMIUM/DEDUCTIBLES
  - c) EXPLANATION ON HOW POLICIES ARE PAID (I.E., WEEKLY, MONTHLY, QUARTERLY).

9) **OUTSOURCING** - I AM SPECIFICALLY INTERESTED IN RECEIVING A RECAP OF THE FOLLOWING ITEMS:

- a) **ALL ACCOUNTING COSTS FOR THE LAST THREE (3) YEARS INCLUDING ANY FINANCIAL AUDITS.**
- b) **HOURLY RATES** THAT ARE BEING CHARGED FOR SERVICES PERFORMED.
- c) **AMOUNT OF SPECIFIC OUTSTANDING DEBT** TO ANY ACCOUNTING FIRMS.
- d) **FEES CHARGED** FOR PAYROLL PROCESSING - IF APPLICABLE.

10) **LEGAL** - PLEASE PROVIDE:

- A. A SEPARATE ANALYSIS FOR ALL LEGAL COSTS FOR THE PREVIOUS THREE (3) YEARS.
- B. HOURLY RATE AND OUTSTANDING BALANCE DUE ON ANY PREVIOUS LEGAL BILLS.

**11) CONSULTANT FEES - PLEASE PROVIDE IN DETAIL ANY NON-REOCCURRING EXPENSES PAID TO CONSULTANTS TO DATE. PLEASE BE SPECIFIC FOR:**

- A. **AMOUNTS** FOR EACH YEAR.
- B. **HOURLY RATE**.
- C. **ANTICIPATED ADDITIONAL EXPENSES** TO COMPLETE PROJECTS.

PLEASE ALSO PROVIDE COPIES OF CONTRACTS FOR REVIEW.

**12) STATE UNEMPLOYMENT - PLEASE PROVIDE A COPY OF THE LAST QUARTERLY STATE UNEMPLOYMENT RATE.**

**PRIOR TO HAVING AUDITORS VISIT YOUR PREMISES, PLEASE HAVE THE FOLLOWING INFORMATION AVAILABLE FOR HIS/HER INITIAL VISIT:**

- A. LOADS PER WEEK.
- B. REVENUE PER LOAD.
- C. REVENUE PER MILE - LOADED.
- D. REVENUE PER MILE - ALL MILES.
- E. AVERAGE MILES PER LOAD.
- F. EMPTY MILE RATIO.
- G. TOP TEN (10) CUSTOMERS.
- H. PERCENTAGE OF TOTAL REVENUE PRODUCED BY TOP TEN (10) CUSTOMERS.
- I. DRIVER QUALIFICATIONS.
- J. DRIVER PAY SCALE.
- K. CURRENT NUMBER OF DRIVERS ON PAYROLL.
- L. AVERAGE LENGTH OF EMPLOYMENT FOR DRIVERS.
- M. TURNOVER RATIO ON DRIVERS.
- N. IF YOU USE OWNER/OPERATORS FURNISH RATE PAID AND COPY OF CONTRACT.
- O. PROVIDE A COPY OF THE LAST D.O.T. INSPECTION.

- P. DESCRIPTION OF ANY OUTSTANDING LAWSUITS AND STATUS OF CASE TO DATE.
- Q. **COMPLETE DISCLOSURE OF ANY UNION CONTRACTS**, IF ANY, WITH CORRESPONDING CHARGES FOR:
  - 1. **WAGES;**
  - 2. **HEALTH/WELFARE; AND**
  - 3. **ANY UN-FUNDED LIABILITY.**

**IN REFERENCE TO ANY FINANCIAL PRO-FORMA THAT YOU MAY HAVE PREPARED**, HAVE YOU RECONSTRUCTED YOUR BALANCE SHEET AND INCOME STATEMENTS IN REFERENCE TO **"HIDDEN ASSETS"?** BY HIDDEN ASSETS, I DEFINE AS:

- A. PREPAID EXPENSES.
- B. MAINTENANCE.
- C. CLEANING.
- D. INSURANCE.
- E. LICENSES AND PERMITS.
- F. ADVERTISING THAT IS NOT YET PRODUCED.
- G. SECURITY AND OTHER DEPOSITS.

PLEASE PROVIDE THESE FIGURES FOR ME - IF APPLICABLE.

- 13) **ORGANIZATIONAL CHART** - PLEASE PROVIDE AN ORGANIZATIONAL CHART AS THE COMPANY CURRENTLY EXISTS. OUTLINE EACH OF THE JOB FUNCTIONS/CLASSIFICATIONS, THE AMOUNT OF INCOME/BONUSES AND INCENTIVES THAT EACH MANAGER IS ENTITLED TO.

IN CONJUNCTION WITH THE ABOVE, ILLUSTRATE HOW MANY PEOPLE REPORT DIRECTLY TO EACH SPECIFIC MANAGER AND PROVIDE JOB DESCRIPTIONS IF POSSIBLE ON EACH AND EVERY JOB FUNCTION.

- 14) **INTERNAL OPERATIONAL PROCEDURE** - PLEASE PROVIDE IN DETAIL THE AVAILABILITY OF BREAKING DOWN ALL MISCELLANEOUS COSTS, SUCH AS:

- A. UNEMPLOYMENT COMPENSATION CLAIMS.
- B. STATE DEPARTMENT LABOR CLAIMS.
- C. FEDERAL WAGE AND HOUR CLAIMS.
- D. UNFAIR LABOR PRACTICE CLAIMS.
- E. DISCRIMINATION CLAIMS.
- F. IRS PAYROLL AUDITS.

- G. STATE DEPARTMENT OF REVENUE AUDITS.
- H. DEPARTMENT OF ECONOMIC SECURITY AUDITS.
- I. WRONGFUL TERMINATION ACTIONS.
- J. EMPLOYMENT REGULATORY COMPLIANCE AUDITS.

**PLEASE ALSO PROVIDE IN DETAIL IF ALL FEDERAL AND STATE WITHHOLDING IS PAID TO DATE. IF NOT, PLEASE PROVIDE THE AMOUNTS OUTSTANDING AND WHAT HAS BEEN DONE IN ORDER TO HANDLE THOSE SPECIFIC SITUATIONS.**

**15) DESCRIPTION OF BUSINESS OPERATIONS, RECAPPING TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FACILITIES/LOCATIONS. IF POSSIBLE, PLEASE PROVIDE:**

- A. **A BREAKDOWN PER LOCATION OF** EMPLOYEE WAGE/SALARY HOURLY RATES PER PAY PERIOD.
- B. **INDIVIDUAL** JOB CLASSIFICATIONS.
- C. **TURNOVER** RATE.

**IN CONJUNCTION WITH THE ABOVE, PLEASE PROVIDE A COMPLETE ANALYSIS ON:**

- A. PURCHASING OF ALL INVENTORY/PARTS AND EQUIPMENT.
- B. EACH TERMINAL LOCATION AND THE AMOUNT OF VOLUME DISCOUNT THAT IS RECEIVED FOR PURCHASING - IF APPLICABLE.

**16) INVENTORY/MAINTENANCE - PLEASE SUMMARIZE THE STEPS THAT YOUR COMPANY TAKES IN ORDER TO CONTROL ITS PURCHASING AND INVENTORY OF PARTS. PLEASE DEFINE IN DETAIL THE CONTROL PROCEDURES THAT ARE CURRENTLY UTILIZED.**

**ADDITIONALLY, DOES YOUR COMPUTER SYSTEM HAVE THE CAPABILITY TO ACCOMMODATE:**

- A. ORDER ENTRY;
- B. PURCHASING;
- C. INVENTORY; AND
- D. SALES.

**IS YOUR COMPUTER SYSTEM CAPABLE OF TAKING INPUT OF:**

- A. PURCHASES AND CASE NUMBERS;
- B. CREDITS AND UNIT NUMBERS; AND
- C. SALES AND UNIT NUMBERS?

**WILL YOUR SYSTEM ALLOW YOU TO TAKE INVENTORY EACH WEEK? HOW CAN YOU RECONCILE ANY DISCREPANCIES BETWEEN PHYSICAL COUNT AND COMPUTER RECORDS?**

**IN CONJUNCTION WITH THE ABOVE, PLEASE DESCRIBE ACCOUNTING PROCEDURES FOR HANDLING OF:**

- A. ACCOUNTS RECEIVABLE.
- B. ACCOUNTS PAYABLE.
- C. PAYROLL AND PAYROLL TAXES.
- D. GENERAL LEDGER AND OPERATING STATEMENT PREPARATION.
- E. CREDIT AND COLLECTION POLICY PROCEDURES.