

FREE BUSINESS RESOURCE

Cash Flow Health Check

A practical checklist to help business owners identify cash flow risks before they become serious problems.

Business:	_____	Reviewed by:	_____
Review date:	_____	Next review:	_____

HOW TO USE THIS CHECKLIST

Complete the checklist using current information. Any item marked “Check” is a prompt to investigate, not a diagnosis. Focus first on risks that could affect salaries, suppliers, SARS obligations or essential operating costs.

1. Cash visibility

Start by confirming whether the business has a reliable view of cash available and cash required.

CHECKPOINT	STATUS
The bank balance is reviewed regularly. Management knows the actual available balance, including overdraft usage and uncleared payments.	☐ Yes ☐ Check ☐ N/A
A short-term cash flow forecast is maintained. Expected receipts and payments are projected for at least the coming weeks.	☐ Yes ☐ Check ☐ N/A
Upcoming major payments are recorded. Include payroll, rent, suppliers, loan instalments, VAT and other tax commitments.	☐ Yes ☐ Check ☐ N/A
Cash performance is compared to forecast. Significant differences are investigated and the forecast is updated.	☐ Yes ☐ Check ☐ N/A

2. Debtors and collections

Slow customer payments are one of the most common causes of cash flow pressure.

CHECKPOINT	STATUS
Customer payment terms are clear and documented. Terms appear on quotations, agreements and invoices where appropriate.	☐ Yes ☐ Check ☐ N/A

CHECKPOINT	STATUS
Invoices are issued promptly and accurately. Delays or errors in invoicing can delay payment.	☐ Yes ☐ Check ☐ N/A
An aged debtor report is reviewed regularly. Overdue accounts and balances by age are clearly visible.	☐ Yes ☐ Check ☐ N/A
Overdue accounts are followed up consistently. Responsibility, timing and escalation steps are clear.	☐ Yes ☐ Check ☐ N/A
Customer credit limits and payment history are reviewed. High-risk customers are identified before exposure grows.	☐ Yes ☐ Check ☐ N/A
Deposits or staged payments are used where appropriate. Especially for large, customised or long-running work.	☐ Yes ☐ Check ☐ N/A

3. Stock and purchasing

Stock can absorb cash long before the related sale takes place.

CHECKPOINT	STATUS
Stock levels are supported by expected sales. Purchasing is based on demand rather than habit or supplier pressure.	☐ Yes ☐ Check ☐ N/A
Slow-moving or obsolete stock is identified. A practical plan exists to sell, return, repurpose or write off old stock.	☐ Yes ☐ Check ☐ N/A
Stock counts are performed and reconciled. Differences between physical and recorded stock are investigated.	☐ Yes ☐ Check ☐ N/A
Large purchases are planned against cash availability. The payment timing is considered before orders are placed.	☐ Yes ☐ Check ☐ N/A
Supplier terms are used effectively. Without damaging supplier relationships or incurring avoidable penalties.	☐ Yes ☐ Check ☐ N/A

4. SARS, payroll and statutory commitments

Statutory liabilities should be anticipated rather than discovered close to the due date.

CHECKPOINT	STATUS
VAT is reconciled and estimated before submission is due. VAT funds are not treated as freely available operating cash.	☐ Yes ☐ Check ☐ N/A
PAYE, UIF, and SDL commitments are planned for. Payroll taxes are included in the cash forecast.	☐ Yes ☐ Check ☐ N/A

CHECKPOINT	STATUS
Provisional and income tax exposures are considered. Management confirms expected amounts with the tax practitioner.	☐ Yes ☐ Check ☐ N/A
SARS payment arrangements or overdue balances are monitored. Any commitments are included in the payment plan and cash forecast.	☐ Yes ☐ Check ☐ N/A

5. Operating costs, debt and growth

Profit can remain positive while loan repayments and expansion consume cash.

CHECKPOINT	STATUS
Major operating costs are reviewed for value and necessity. Recurring subscriptions, contracts and overheads are assessed regularly.	☐ Yes ☐ Check ☐ N/A
Loan capital and interest payments are both planned. Capital repayments reduce cash even though they are not operating expenses.	☐ Yes ☐ Check ☐ N/A
Owner drawings and personal expenses are controlled. Business and personal transactions remain clearly separated.	☐ Yes ☐ Check ☐ N/A
New hires, assets or expansion are cash-flow tested. The timing of costs is compared with when additional income is expected.	☐ Yes ☐ Check ☐ N/A
An emergency cash reserve target has been set. The target reflects the business's fixed commitments and risk profile.	☐ Yes ☐ Check ☐ N/A

6. Reporting and decision-making

Accurate, timely information allows management to react before a cash shortage becomes urgent.

CHECKPOINT	STATUS
Bank accounts are reconciled regularly. Unreconciled items and duplicate or missing transactions are investigated.	☐ Yes ☐ Check ☐ N/A
Monthly management reports are reviewed. Profit, cash, debtors, creditors and working capital are considered together.	☐ Yes ☐ Check ☐ N/A
Key cash flow indicators are monitored. Examples include debtor days, creditor days, stock movement and working capital.	☐ Yes ☐ Check ☐ N/A
Management knows the minimum cash requirement. The business understands what is needed to cover essential monthly obligations.	☐ Yes ☐ Check ☐ N/A
Cash flow concerns are discussed early. Management engages the bookkeeper or accountant before payments are missed.	☐ Yes ☐ Check ☐ N/A

Your priority action plan

List the most important actions arising from this review. Assign an owner and a practical target date.

#	ACTION REQUIRED	OWNER	TARGET DATE
1			
2			
3			
4			
5			

QUICK INTERPRETATION

- **Mostly “Yes”:** Your controls appear to be in place. Continue monitoring and review the checklist regularly.
- **Several “Check” items:** Prioritise the items that affect near-term payments, collections and statutory commitments.
- **Immediate payment pressure:** Prepare a short-term cash plan and discuss corrective options with the appropriate financial adviser.

NEED BETTER CASH FLOW VISIBILITY?

Sync Accounting & Business Services can assist with accurate bookkeeping, debtor visibility, cash flow reporting and meaningful monthly management information.

Important: This checklist is a general business management resource and does not constitute accounting, tax, legal or financial advice. Recommendations should be considered in the context of your business and discussed with a suitably qualified adviser where necessary.