

# The 14-Point Margin Drift Checklist for SMB Finance Teams



Self-scoring diagnostic for controllers, AP managers, and CFOs | Mark YES for each item that is true for your business

DIAGNOSTIC CHECKLIST

## SCORING KEY:

0–3 YES  
Controlled

4–7 YES **Early  
Signals**

8–14 YES **Leakage  
Likely**

Count your YES answers  
→

### A FREIGHT & CARRIER BILLING

- 01 **Our AP team approves freight invoices by matching them to the PO amount** — without separately comparing the billed rate to the contracted lane rate in the carrier agreement. YES / NO
- 02 **We have not reviewed accessorial charges** (fuel surcharges, liftgate, inside delivery) against contracted tariff schedules in the past 12 months. YES / NO
- 03 **Our freight carrier contracts have surcharge schedules or fuel cap clauses** that we have not validated against recent invoices. YES / NO

### B CONTRACT LABOUR & STAFFING

- 04 **Staffing vendor invoices are approved against PO amounts** without cross-referencing billing rates to the rate card in the staffing agreement. YES / NO
- 05 **We have volume rebate clauses with one or more staffing vendors** and have not verified that the rebates were applied in recent invoices. YES / NO

### C MAINTENANCE, REPAIR & OPERATIONS (MRO)

- 06 **We have raised PO amendments on maintenance engagements** to cover additional scope costs without checking whether the revised total exceeded the NTE limit in the service agreement. YES / NO
- 07 **Our ERP routes amended maintenance POs through the same approval workflow as original POs** — without flagging cumulative spend against the original contract NTE. YES / NO

### D IT SERVICES & SAAS VENDORS

- 08 **We have SaaS or IT managed service contracts with user-count or seat-based billing** where we have not reconciled billed seat counts against actual active users in the past 12 months. YES / NO
- 09 **One or more IT service vendors has auto-renewed** at a rate above our originally negotiated rate without the renewal rate being flagged before the renewal date. YES / NO

### E PROFESSIONAL SERVICES & MARKETING

- 10 **Professional services vendors (legal, consulting, accounting) are approved against PO amounts** without comparing billed rates or time increments to the engagement letter terms. YES / NO
- 11 **We have paid professional services invoices that included scope items** not explicitly covered by the statement of work or engagement letter. YES / NO

### F AP PROCESS & ERP CONTROLS

- 12 **Our vendor service agreements are stored in email threads, shared drives, or file servers** — not in a contract management system or a centralised repository accessible to AP. YES / NO
- 13 **Recurring service-vendor spend flows through P-cards, expense reimbursements, or direct manager approvals** — bypassing AP and any contract-rate validation. YES / NO
- 14 **No contract-vs-AP reconciliation has been performed in the past 18 months** — comparing what vendors invoiced against contract terms. YES / NO

#### 0–3 CONTROLLED

Strong AP controls in place. Periodic contract-vs-AP review recommended to maintain posture.

#### 4–7 EARLY SIGNALS

Structural gaps emerging in one or more categories. A focused service vendor spend review is worth scoping.

#### 8–14 LEAKAGE LIKELY

Multiple structural gaps. Recoverable spend likely present across freight, labour, IT and/or MRO — diagnostic recommended.

**Score 4 or above?** Worth a 15-min conversation to scope what to look at — no obligation. Most \$30–150M industrial finance teams score in the 6–10 range.

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