

# Materials Budget – Inspection Checklist

Ok	Inspection Questions	Assigned To	Due Date
<input type="checkbox"/>	Did you create expense groups for your materials expenses? <ul style="list-style-type: none"> <li>▪ Can you quickly track and monitor your major expense categories?</li> </ul>		
<input type="checkbox"/>	Is your <b>materials to sales ratio</b> in a realistic and accurate range for your company?		
<input type="checkbox"/>	Have you factored price changes in your materials expenses? For example: <ul style="list-style-type: none"> <li>▪ Lower materials expenses due to improved vendor pricing</li> <li>▪ Increased material costs</li> </ul>		
<input type="checkbox"/>	Can you use your forecast material expense total(s) to negotiate preferred pricing from your suppliers?		
<input type="checkbox"/>	Can you lower your material costs through improved <b>inventory management</b> ? <ul style="list-style-type: none"> <li>▪ Can you order common materials in bulk quantities from distributors and store at your yard?               <ul style="list-style-type: none"> <li>▪ To decrease unit cost(s) of materials</li> <li>▪ To decrease shipping/pickup costs</li> </ul> </li> <li>▪ Did you waste and/or throw out materials that you were inventorying at your yard?               <ul style="list-style-type: none"> <li>▪ The benefits of purchasing in bulk can be quickly erased if you aren't selling all the material you inventory.</li> <li>▪ Could you save costs by letting your suppliers manage anything you currently inventory?</li> </ul> </li> </ul>		
<input type="checkbox"/>	Can you reduce any of your material costs by purchasing your materials directly from your supplier's supplier?		
<input type="checkbox"/>	Does your company need to take any measures to ensure supply of rare or shortage-prone materials? <ul style="list-style-type: none"> <li>▪ Inventory material at your shop/yard?</li> <li>▪ Pre-purchase agreements?</li> </ul>		
<input type="checkbox"/>	Do you have an accounting/paperwork system that enables your bookkeeper or accountant to clearly understand how material expense costs are to be entered?		