

FREE RESOURCE

ROYALTY MANAGEMENT

The Quarterly Royalty Close and Audit Readiness Checklist

A step by step close routine for licensing finance teams, from chasing reports to booking revenue, plus the audit triggers that tell you where to look closer.



MADE FOR
CFOs, royalty managers and licensing finance teams

Four steps, every quarter

Every quarter the same pressure lands on licensing finance: reports arrive late and in different formats, numbers need checking against contracts, and revenue must be booked on time. A repeatable close routine turns that scramble into a calm, predictable process.

1

Prepare

Week before period end

2

Collect

Report due date window

3

Validate

As each report arrives

4

Book and review

Close and month after

Step 1 • Prepare

- ☐ List every agreement with a report due this period
- ☐ Flag new deals, expiring deals and deals in sell off
- ☐ Confirm rates, MG splits and advances per agreement
- ☐ Send reminders with the required template and due date
- ☐ Agree FX rates and the conversion method for the period

Step 2 • Collect

- ☐ Log every report received with date and version
- ☐ Chase missing reports on day one after the due date
- ☐ Request a nil report from licensees with no sales
- ☐ Match each payment to its report and invoice
- ☐ Record withholding tax certificates received

The checks that protect revenue

Step 3 • Validate each report

- ☐ Licensee, agreement and period are correct
- ☐ Every SKU sits in a licensed category, territory and channel
- ☐ Royalty rate applied matches the contracted rate
- ☐ Royalty base (wholesale, FOB, retail) is the contracted one
- ☐ Deductions are within the contractual cap
- ☐ Math checks out: units × price, net sales × rate
- ☐ Sales are reported for every approved, launched product
- ☐ Currency and FX conversion follow the agreed method
- ☐ Prior period corrections are explained

Step 4 • Book and review

- ☐ Calculate royalties earned vs advance recouped
- ☐ Update MG progress and forecast shortfall per agreement
- ☐ Raise shortfall or true up invoices when due
- ☐ Accrue for late or missing reports
- ☐ Book revenue and reconcile to cash received
- ☐ Pay out agent commissions and revenue shares
- ☐ Report performance by property, category and licensee
- ☐ Log issues for the next licensee business review
- ☐ Archive reports and working files per agreement

Rule of thumb: if a check is done by eye in a spreadsheet, it will eventually be skipped in a busy quarter. Automate the rate, scope and deduction checks first.

Sample close calendar for a quarterly period

When	Action	Owner
5 days before period end	Reminders and templates sent to all licensees	Royalty manager
Report due date	Log received reports, start validation	Royalty analyst
Due date + 1 day	Chase every missing report	Royalty analyst, account manager
Due date + 10 days	Validation complete, queries sent to licensees	Royalty analyst
Due date + 20 days	Revenue booked, accruals posted, MG status updated	Finance
Due date + 30 days	Performance review shared with licensing and leadership	Finance, head of licensing

Adjust the days to the reporting terms in your agreements.

Know where to look before you audit

Royalty audits are a normal part of a healthy licensing program. The question is where to point them. These signals, tracked over time, tell you which licensees deserve a closer look.

Audit trigger	What to look for
Late or incomplete reporting	Repeated late reports, missing SKU detail, summary only reports
Sales drop without explanation	Falling reported sales while approvals and retail presence continue
Approved but unreported products	Products approved and seen in market that never appear in reports
Deductions creeping up	Deductions near or above the cap, or new deduction types
Channel or territory shifts	Sales in channels or countries outside the agreement
Royalty base changes	Switching between FOB and wholesale, or unusual price points
Repeated MG shortfalls	Licensees just below MG, period after period

Audit readiness: have these ready for any agreement

- Signed agreement and all amendments
- Every royalty report and correspondence
- Payments, invoices and FX used
- Approved product list with dates
- Audit clause: lookback, notice, cost shifting
- Notes from licensee business reviews

NEXT STEP

Close the quarter in days, not weeks

Flowhaven Royalty Management collects partner reports through a self service portal with automated reminders, validates them against agreement terms at submission, and flags wrong rates, SKU mismatches and MG shortfalls before they reach your books.

[Book a demo](#)

Flowhaven is the licensing relationship management platform built natively on Salesforce, trusted by approx 100 licensors, agencies and brands across sports, entertainment, gaming, music, lifestyle and art.

