

# executive insight, inc.

## **How much does it cost?**

This entire process is self-funded through a fifty-fifty share of recovered income. There are no hidden costs.

## **How much of my staff's time are you going to take?**

After the initial meeting, only fifteen minutes per week will be required with the contact person you identify.

## **How much space do you need?**

We maintain an unobtrusive presence, requiring only a phone line, desk or table, and use of copy and fax machines.

## **How long will it take?**

The length of time required for the review will vary depending upon the size of your payable files, the type of filing system you use, and the type of discoveries we make. However, we will complete the review as quickly as possible.

## **Who takes care of correspondence with vendors and/or taxing authorities?**

Executive Insight takes responsibility for the complete process of negotiating and corresponding with vendors and tax authorities unless otherwise requested.

## **What about confidential files and information?**

Executive Insight guarantees confidentiality of your records and business information. We do not remove any of your files from the premises.

## **How many years are covered?**

The most recent three closed years for vendor files, federal and property tax issues, and the most recent four closed years for state tax issues.

## **Is the work time sensitive?**

Yes, the statute of limitations can run out on tax issues, thereby eliminating your ability to regain overpaid taxes.

## **Are there any areas of the accounts payable files that you do not review?**

Yes, we do not review payroll, employee expenses, or inter-company transactions.

## **In what areas do you generally find overpayments?**

We have discovered, and successfully retrieved, overpayments from all areas of the accounts payable system. Please refer to Discoveries table.



## We have a CPA!

CPA's have special and extensive knowledge about accounting and accounting systems. They are very knowledgeable about business transactions. Many have received additional training and education, which positions them strategically to contribute much more to an organization than accounting alone. With a CPA's special knowledge of Generally Accepted Accounting Principles and accounting in general they can ensure your company's compliance with all of the rules and standards.

An Executive Insight Accounts Payable Audit focuses on a completely different level of information. By closely examining individual vendor files check by check and vendor invoice by vendor invoice, information can be gained to help your organization plug holes and recover vendor errors. We look at closed accounting years. We can do what most organizations don't even have the time to consider doing. Looking through old records with no guarantee of discovering anything.

## We just had auditors in!

Here is one of the biggest confusions existing about an Accounts Payable System Analysis. Comparing it to other audits a company endures.

- ◆ **Washington State Department of Revenue Audit:** When the DOR comes to audit your records for compliance with the state tax laws they are looking specifically for underpayment of taxes. Very rarely will the field auditor help you reduce your tax liability instead of increase it.
- ◆ **Department of Defense Audit:** When the Department of Defense audits your records and operations they do not perform the audit to save you money or provide you with a written analysis of the effectiveness of your accounts payable system. They have a completely different agenda to follow.
- ◆ **Independent Audit:** When an outside CPA firm audits your financial statements they audit for overall accuracy and Generally Accepted Accounting Principles (GAAP) compliance performing these audits in compliance with Generally Accepted Auditing Standards (GAAS). GAAP standards however are great for putting your dollars into the proper General Ledger accounts and subsequently reporting them appropriately in your financial statements, but this type of audit does not check vendor invoice details for verification that the proper and correct amount was paid. It simply isn't within the scope of their assignment. Ask your independent auditors. They will tell you.

**Bank Audit:** Many organizations have lines of credit with banks and are subject to an audit usually once a year. The bank auditors visit to examine your records to determine the validity of the asset figures in your financial statements. They look at your accounts receivables, customer invoices, invoice registers, customer order files and customer



- ◆ payments. They may also review your inventory records to verify various inventory levels at certain reporting dates throughout the prior year. This audit does nothing for your operations beyond securing your line of credit at the bank. You never receive a written report as to what you are doing well or what you could improve on. This is just not within the scope of their assignment.
- ◆ **Insurance Audit:** Most property and casualty (P&C) insurance carriers require an annual audit to correct the prior years sales estimate which insurance premiums are based upon while establishing the current years premiums to be adjusted via next years audit. In many cases, this process is as simple as completing a form and mailing it in to having the insurance company send out auditors to examine the sales records at your place of business. In either case, you do not receive any feedback about the integrity of your accounting system.

Executive Insight's Accounts Payable Audit is a comprehensive look at your payables system from the detail up. We review your paid vendor files, contract files, purchase order files and vendor accounts to uncover vendor errors. This review is for you. We only report our analysis to you for your use.

### **Our system is perfect!**

The accounts payable system in an organization is one of the most important systems a business can have. Accurate and timely payments can make the difference between making or losing money. The difficulty in attaining a PERFECT accounts payable system of course is the human element. No one is perfect. Systems are designed by, implemented by and maintained by people. To further compound the possibilities, your vendors use people to take your order, ship your order, invoice your order and receive payments on your order. At each and every step of the way errors can occur. Errors in the system design, implementation or daily operation. And this can happen not just at your company, but at any one of your vendor's places of business.

A little reassurance that your vendors aren't making errors and that any errors that are made are getting caught before a check is cut can give you some peace of mind.

### **We don't think you could find anything significant!**

In our experience the variety and quantity of errors vary significantly from organization to organization. We accept the risk of not discovering anything. With the national average for errors being .04% of annual accounts payable and .08% in the Puget Sound area we can base our risks on these overall averages.

You benefit by knowing that your system is airtight and by receiving our written review and analysis of your accounts payable system.



**We just don't have the time for this now!**

Though every accounts payable system is different they all accomplish the same tasks. Our analysts have experience in designing, implementing, maintaining, and operating complex accounts payable systems and need very little assistance from your employees. Our experience shows that on average 15 minutes per week is the total amount of time your personnel will spend due to our review and analysis process.

*If a company's  
accounting  
department is  
run with  
99.5% accuracy,  
the funds that are  
lost can amount to  
millions each year.*

To learn more about our **Accounts Payable Audit Analysis™**,  
contact us at 800-882-1641 or by email at:  
richard@eibusiness.com

