

CHALLENGE	SOLUTION	BENEFIT
<ul style="list-style-type: none"> <li>• Head of Internal Audit wanted to perform a recovery audit to uncover operational improvement opportunities.</li> <li>• Secondary goals were to improve and tighten internal controls for payables and to prevent future losses</li> </ul>	<ul style="list-style-type: none"> <li>• Company engaged Visual Risk IQ to review \$450 million in accounts payable spending over the preceding 18-month period.</li> <li>• Total investment in the engagement was \$35,000 for the six-week project.</li> </ul>	<ul style="list-style-type: none"> <li>• The project identified more than \$1.8 million in overpayments that have been recovered, resulting in a more than 50x Return on Investment</li> </ul>

## Accounts Payable Reviews:

If we are using sophisticated data analysis tools already, can Visual Risk IQ still produce recoveries and findings sufficient to generate a positive ROI?

In a scenario where the client had already licensed ACL<sup>1</sup> and was looking to increase its in-house capabilities, Visual Risk IQ was able to find recoverable transactions in excess of \$1.8 million. Since the review, this client has been able to prevent another \$300,000 in AP errors before those disbursements were made.

**Situation:** This project was initiated through discussions with the Chief Audit Executive of a multi-billion dollar publisher and Internet advertising firm. The firm had recently undergone a shared services consolidation and ERP upgrade, and their internal audit function wanted to perform an audit of Accounts Payable and Purchasing using more sophisticated tools than sampling or CAAT tools such as ACL, IDEA, or MS-Access<sup>1</sup>. The audit team was concerned about compliance issues, such as conflict of interest and system access, and they were also concerned about operational issues such as overpayments and duplicate payments.

**Engagement:** This client, like many internal audit groups, had been a licensor of ACL, but this team was not routinely using that technology to the extent that the Director wanted. Though Visual Risk IQ used a more advanced continuous auditing and monitoring tool from Oversight Systems for this project, the contrast between Oversight and ACL was a very positive driver in deciding to contract with Visual Risk IQ for this engagement.

Visual Risk IQ worked closely with internal audit to identify the appropriate risk and performance checks to run against the firm's data. Using the selected risk and performance checks,



## Case Study: Value-for-Money Audits

They reviewed and analyzed 18 months of Accounts Payable and Procurement data, comprising almost \$500 million in total spending.

**Outcome:** The engagement identified more than \$1,800,000 in recoverable errors, nearly all of which were collected from a small number of vendors frequently used by the organization. Several errors stemmed from unapplied credits and ERP control overrides. The project also identified a number of compliance issues, including duplicate vendor records and potential conflicts of interest that became recommendations developed as part of the Accounts Payable audit.

“Visual Risk IQ helped us to see how recoverable errors could and did occur in our environment. Their review identified more \$1,800,000 in recoverable errors, and we have recovered nearly all of those monies. Furthermore, we used the learnings from the project to build ERP queries and ACL scripts that have helped us prevent more than \$300,000 in duplicate payments in the subsequent 12 months”

- Client Internal Audit Executive

Instead of implementing the continuous auditing and monitoring tools from Oversight, the organization identified a number of simpler queries that could be run by Internal Audit using ACL each month. In the year following this project, more than \$300,000 in additional duplicate payments were prevented using a combination of new ERP queries and ACL data analysis

**Discussion:** *Accounts Payable is a business process area that has undergone significant change in the last five to ten years, with new ERP technologies, off-shoring, and outsourcing each emerging as drivers of automation, re-engineering, and cost reduction. While improvements have been realized, the process area is not defect-free.*

*“Recovery Audit” firms provide similar services as those described above, but have the limitation that their work usually occurs long after the Accounts Payable transactions are paid. Furthermore, these firms rarely provide objective advice on how to reduce or prevent duplicate and overpayments in future periods, as those recommendations would impair their ability to find recoveries in subsequent years.*

*Despite the fact that Visual Risk IQ has helped this client improve its control environment dramatically, the investment the firm has made to understand and document this client’s unique environment in this initial engagement can be re-used to reduce overall costs if they choose to use Visual Risk IQ for this type of work again. While one would expect fewer recoveries in future reviews, a smaller investment would be required from the client to perform this work, preserving client ROI over a long-term relationship.*

**About The Firm:** Visual Risk IQ was formed in 2006 to help large, complex organizations take advantage of new technologies for continuous auditing, continuous monitoring, visual reporting and risk-focused data analysis. We are alliance partners and implementation specialists for Oversight Systems, Metapraxi, and ACL Services and deliver tailored solutions for our clients both directly and in concert with other implementation partners.



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**visual risk IQ.**  
See. Analyze. Act.

<sup>1</sup> ACL, IDEA, and MS-Access are the trademarks of ACL Services, LTD, Caseware International, and Microsoft Corporation, respectively