

Silver Advantage Accounting Alert

Today's Audit Confirmation Process: The Benefits of Third Party Service Providers

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February 2013 – The use of third party service providers in the audit confirmation process has been expanding over the past several years. These providers first arrived on the scene as a liaison between auditors and financial institutions, making the confirmation process more convenient, efficient, and secure. The providers initially offered services that allowed auditors to confirm bank account balances. Very soon thereafter, the services expanded to providing bank cutoff statements, signature cards, letter of credit information, and confirming loan terms. More recently, third party service providers also began offering audit confirmation services allowing communication between auditors and an entity's customers and vendors to confirm accounts receivable and accounts payable balances.

Auditors benefit from using third party service providers in the confirmation process through increased audit efficiency, added privacy protection, a reduced risk of confirmation fraud, increased response rates, and decreased error rates. Customers and vendors benefit from using third party service providers in the accounts receivable and accounts payable confirmation process by having control over which of their employees can respond to confirmation requests as well as ensuring that responses are returned to the authorized requestor. Additional benefits include increased productivity through streamlined confirmation workflow and centralized archiving of responses.

We can help streamline the confirmation process and minimize the inconvenience of preparing confirmation request letters. Please contact me at 847.213.2092 to discuss this and other ways your company can improve its audit experience.

Janell has over sixteen years of experience in public accounting, assurance and tax services. She is responsible for audit engagement management, supervision, reporting, and other operational matters. Janell's specific experience is across a wide range of companies within the private and middle market sector, and within industries including manufacturing, automobile dealerships, retail, religious and charitable organizations, trade associations, and leasing companies. She also has experience with employee benefit plan audits.