CPA.com Case Study

ELECTRONIC AUDIT CONFIRMATION WORKFLOW

How a CPA firm finds efficiency in managing audit confirmation requests.

A case study with
Zinman & Company

CHALLENGE

Sending out paper audit confirmations is tedious and takes on average 10–15 minutes per account to process. For example, one client has 23 bank accounts at two different banks; confirming all the client's accounts can take approximately five hours. As a progressive firm, it's a top priority to find tools that improve efficiency and reduce cost for a firm.

SOLUTION

Zinman & Company uses Confirmation.com to confirm cash, loan and line-of-credit accounts, and to obtain cutoff statements. Using Confirmation.com, the firm saves a tremendous amount of time that is normally spent on audit confirmation requests.

BENEFITS

Saves time, allows the audit team to prepare confirmations during the planning stage of the audit, and reduces cost for the firm and the client.

Like most CPA firms, Zinman & Company devoted a lot of time and manual effort preparing and processing audit confirmations. Their auditors and/or support staff would prepare the traditional bank confirmations, set up the confirmation log, send the confirmation requests to the client for signature, review the returned confirmations from the client, make copies, prepare envelopes and return envelopes, mail them out, and if needed, send out second confirmation requests.

On average, it could take their audit staff about 10–15 minutes to confirm each bank account. "The bank confirmation process for an audit is pretty tedious," said Michael Saltzman, a CPA with the firm for nine years. "And if there's not a response after 10 days, you may need to send out another request and go through the whole tedious process again."

> **❝** The partner who is in charge of our larger client thinks Confirmation.com is great. He noticed the time spent in the cash area of the audit was sliced and said, 'That's a good thing!' **❞**
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> **Michael Saltzman**, CPA
> Senior Accountant
> Zinman & Company

Paper confirmations are a thing of the past

When Michael began using Confirmation.com in 2009, he quickly saw that it saved time and increased efficiency on his audits. Michael likes using the Future Dated™ feature to set up confirmations during the planning stage of the audit as opposed to preparing and sending confirmations out at year-end.

"You can actually have your bank confirmations completed weeks before the actual year-end. It's very convenient and eliminates a lot of stress by taking care of steps well in advance of the major substantive procedures of audit," explains Michael.

With Confirmation.com, Michael can tailor the confirmation request to include the bank's interest rate, collateral on a note, expiration dates, specific terms and any other background information he needs to confirm. Michael continues, "I like that I can ask additional questions, and if I need to call the person who handled the confirmation request, their contact information is right there."

The first year using Confirmation.com, Michael noticed greater efficiency and time savings because it eliminated manual processes, having to track down lost confirmations and sending out second requests. But in the second year, Michael really noticed the time savings. Once the information is entered into the system, it is saved and can be used for subsequent years. "You don't have to go through the process of re-entering the same information. You just update what needs to be updated, send a client authorization request and you're good to go," said Michael. In the second year, it took only one hour to confirm his client's 23 bank accounts instead of taking five hours the old way. By using Confirmation.com, Michael saved four hours on this client's audit engagement.

Clients come out ahead

Zinman & Company chooses to charge the cost of the confirmations to their clients. Even though three of Michael's clients are not-for-profit organizations, those companies see a savings as well. According to Michael, "We explain to our clients how Confirmation.com saves them money on the audit by reducing my billable hours and our administrative assistant's hours. It's now only a fraction of the cost of my billable hours to perform the audit confirmations. In short, my clients come out ahead. It saves them money in the long run, and they are very happy with that."

Improves profitability for the firm

For Zinman & Company, Confirmation.com saves them time and frees up billable hours. Michael can devote more time to audit different areas, spend time on other clients or keep his work-life balance in check because he's saving time, and it's a great opportunity to keep client fees reasonable. Michael concludes, "The partner who is in charge of our larger client thinks Confirmation.com is great. He noticed the time spent in the cash area of the audit was sliced and said, 'That's a good thing.'"

About Zinman & Company

With two offices serving the Philadelphia, Pennsylvania, area and one office in southern New Jersey, Zinman & Company provides accounting, financial management and business consulting services. This 25-year-old firm prides itself on being a progressive, modern and strategic partner for their clients.

About Confirmation.com

As the preferred partner of CPA.com and for the American Bankers Association, Confirmation.com provides secure online confirmation services for auditors, banks and their shared clients. Confirmation.com's patented service minimizes fraud and brings efficiency to the audit confirmation process. In addition to its bank confirmation solution, the company provides solutions for more than 60 different types of audit confirmations, including employee benefit plan and legal confirmations. Several hundred In-Network responding companies, including all of the Top 10 banks in the U.S. and over 12,000 accounting firms in more than 100 countries, trust Confirmation.com for their audit confirmation needs. For more information, please visit cpa.com/contact-us-confirmation.

About CPA.com

CPA.com is the technology subsidiary of the American Institute of Certified Public Accountants (AICPA), the world's largest member organization representing the accounting and auditing profession. The company, through its website CPA.com, as well as online webinars, conferences and training programs, helps firms position for success within the digital transformation that is revolutionizing the competitive landscape. CPA.com forms strategic alliances with leading solutions providers focused on the accounting profession and serves as a value-added distributor of these solutions to CPA firms nationwide. Confirmation.com is a preferred partner of CPA.com for its automated audit confirmations solution.

Website: cpa.com/audit-confirmations.

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