

Accounts Payable Tests

With a simple download of your data into our software tool, Schenck can help you evaluate your accounts payable transactions for accuracy. Following is a summary of the tests that can be conducted:

Staying Effective & Efficient

- 1. Identifying discount opportunities.** Identifies potential financial payment discounts that were offered by vendors but not taken.
- 2. Assessing Interest costs.** Identifies the largest vendors, when vendors are paid and what benefits can be realized if vendors are paid under extended terms (45 days vs. 30 days).
- 3. Assessing purchasing volume by location.** Summarizes vendor activity for multiple locations to assess organizational purchasing power and consolidation opportunities.
- 4. Confirming vendor terms.** Compares purchase order terms to the terms actually paid.

Are Transactions Authorized? (Internal)

- 5. Confirming the list of approvers.** Summarizes the actual purchase order approvers, giving the total dollars approved by each and comparing it to the list of official approvers.
- 6. Summarizing activity by operator.** Provides a count and dollar amount of transactions by data entry operator to be reviewed for appropriateness.
- 7. Summarizing debit memos.** Summarizes debit memos by vendor, issuer and type, which helps identify potential control lapses in the payables process.
- 8. Identifying missing vendors.** Identifies vendors that were paid but do not exist in the vendor master file, which could potentially indicate fraud.
- 9. Checking payroll against vendor addresses.** Compares employee addresses to vendor addresses to identify potentially fraudulent disbursements.

Are Transactions Authorized? (External)

- 10. Listing vendors with post office boxes.** Identifies vendors that have a post office box as an address which may indicate a fraudulent vendor.
- 11. Listing vendors with sequential and duplicate invoices.** Identifies vendors with sequential iterations and duplicate invoices which may indicate fraudulent transactions.



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12. Finding missing vendors from prior years. Identifies changes (additions and deletions) in the vendor master file which can be reviewed for appropriateness.

13. Finding purchase orders that were exceeded. Identifies issues within an accounts payable process whereby the invoices paid exceed the approved purchase order amount (outside of tolerance).

14. Reviewing levels of approval activity. Identifies the levels of payments being authorized at just below approval limits using stratification.

15. Identifying invoices near approval limits. Identifies multiple payments by vendor that may indicate the approval of a set of payments all under the approval limit to circumvent the control.

16. Summarizing purchase orders by vendor. Provides a list of all vendors that use purchase orders as well as a list of vendors that do not utilize purchase orders and their associated dollar amounts.

Are Transactions Accurate?

17. Aging unused purchase orders. Produces an aging of all outstanding purchase orders with no invoices charged to them.

18. Identifying duplicate payments. Identifies duplicate payments by comparing variable fields in the review (vendor number, invoice amount, invoice date, invoice number and vendor name).

19. Summarizing A/P activity by GL account. Summarizes accounts payable activity by GL account to allow for a reasonableness review.

20. Identifying changes in vendor trends. Identifies changes in vendor totals and discounts taken over a 12 month period to allow for a reasonableness test.

Are Transactions Complete?

21. Summarizing transactions without purchase orders. Summarizes by vendor all transactions with no purchase order and lists the detail of these transactions in a report for review.

22. Identifying payments made after year end.

Identifies all check payments after period end for invoices dated prior to year end.

23. Identifying sequence gaps. Identifies sequence gaps in invoice batches, purchase orders and check numbers which could identify unrecorded liabilities due to error or fraud.

Safeguarding Check Processing

24. Reviewing manual checks. Summarizes all manual checks by vendor and dollar amount for review.

25. Reviewing large checks. Summarizes all large invoice payments while excluding intercompany transactions for review.

Audit Trails & Reporting

26. Trend analysis of payables aging. Provides a year over year comparison of the days outstanding for accounts payable and whether it is improving. Will also help identify any unusual items with significant aging.

27. Stratifying totals and dates. Stratifies on vendor balance, check amounts and purchase order amounts for analytical purposes.

28. Recalculating the aging report. Will recalculate the aging of payables for agreement to the accounts payable aging report. Also reports exceptions or unusual trends.

29. Identifying above-average payments. Identifies relatively large payments to a given vendor that exceed the twelve month average payments to that vendor by 200%.

Statistics

30. Digital analysis using Benford's Law. Benford's Law maintains that certain digits show up more than others. With this test, you can tell if someone fakes data that are derived from other data. It can also identify errors within the data that appear "out of place" given their frequency of appearance.