

## Customer Case Study

### CPA firm finds a solution to help improve accuracy, efficiency and security of the audit process

CPA firm Smith, Turner & Reeves worked with Microsoft and partner Capital Confirmation on a solution that reduced the potential for data entry and formatting errors, and dramatically reduced the time spent performing audit confirmations. In addition, the solution helped to reduce exposure to fraud. Most important, less time and attention spent on administrative tasks means that the CPAs at the firm can put more focus on providing value-oriented service to their clients.

#### Challenge

Account confirmations are always a time-consuming process, involving manual re-entry of data received in paper format. Because the manual process on the part of both the firm and the banks providing the information, there is an increased risk of error. Resolving these inaccuracies further increases the time involved with performing the confirmation and firms need a way to get the confirmations completed quickly, so any actual discrepancies in account information can be identified and resolved early in the auditing process.

Furthermore, paper-based systems for account confirmations leave many opportunities for the possibility of fraud. A number of high-profile fraud cases in the news today are a direct result of exploiting weaknesses in the audit confirmation process.

#### Solution

The Capital Confirmation solution helps to streamline the audit confirmation process by replacing paper-based processes with electronic confirmations. The solution provides an online authentication and authorization procedure that helps reduce exposure to fraud. The Capital Confirmation solution offers the following core capabilities:

- Web-based interface for performing audit confirmations, enabling electronic transfer of financial data.
- Multiple layers of authentication and security to validate the authenticity of users, protect user logins and encrypt data.
- A record of activity with all confirmations, providing a traceable path of accountability to each individual involved in the confirmation process.

### Customer: Smith, Turner & Reeves

#### Customer Profile

With offices in Jackson and Oxford, Mississippi, Smith, Turner & Reeves provides quality accounting, tax and consulting services to clients throughout the Southeast. Founded in 1974, the firm has earned a reputation as a progressive, service-oriented organization.

#### Business Situation

Always seeking new ways to provide efficient, quality service to its customers, the firm decided to focus on how it could use technology to improve the accuracy and efficiency of the administrative components of its auditing processes.

#### Solution

The firm worked with Microsoft and Capital Confirmation to implement a solution that would help streamline and improve the audit confirmation process. By automating previously paper-based processes, the firm has been able to improve both efficiency and accuracy.

#### Benefits

- Improved accuracy and consistency of audits.
- Reduced exposure to fraud.
- Improved efficiency results in more profitable time spent with clients.

#### Software

Microsoft Office 2003  
Microsoft Internet Explorer  
Confirmation.com

## Benefits

### Improved Consistency and Accuracy of Audit Confirmation Data

Smith, Turner & Reeves has found that the solution helps their CPAs control the consistency and accuracy of data. Ultimately, this helps to increase the effectiveness of their audits. By reducing the need for manual data entry, the solution helps ensure integrity of data from the beginning of the process to the end. “The solution helped us to improve efficiency and accuracy. Now because we get the information in electronic format, we have less chance of errors resulting from manual entry and accessing numbers from written reports,” explains George Smith.

### Reduced Exposure to Fraud

The solution helps the parties involved with transferring financial data avoid fraudulent activity. “Our solution provides an online authentication and authorization procedure that helps reduce exposure to fraud,” says Brian Fox, CPA and vice president of Capital Confirmation. “Just one missed fraudulent incident can cost the parties involved the reputation they have worked so hard to build.”

While Smith, Turner & Reeves has not experienced fraud, like any CPA firm, it is something they are proactive in trying to avoid. “It is very important to us that we are reducing our exposure using the solution,” explains Smith.

In addition, the solution allows CPAs to track usage, so that they know their requests for confirmation went to the right banks, and to the right people. Likewise, the bank is assured that the request is a legitimate request for information. Rather than receiving paper documentation in the mail, and mailing it back to the address provided, they receive an authenticated online request. This provides banks a way to validate that the request did come from a CPA firm. The process eliminates many of the weaknesses in paper-based systems.

### Improved Efficiency Allows for More Profitable Time Spent with Clients

“There is a tremendous efficiency gain in getting paper out of the process,” explains Fox. “The paper process many auditing firms use today takes a minimum of four weeks and can take up to eight weeks. With the solution the process can be completed in 24 hours.”

With efficiency gains from the Capital Confirmation solution, the firm has realized a time savings of 50 percent in converting from the manual process of audit confirmations to a new automated solution.

“In the past we had relied on manual confirmations to get both bank accounts balances and loan balances. That involved a lot of time on our part to get the numbers,” explains Smith. “We’re very pleased with the solution. Using it, we’ve cut our time spent doing confirmations in half.”

The automation of the process also allows auditors to deal with problems more promptly. “Using the solution, the CPA gets data at the beginning of the process so if there is a discrepancy, the CPA has time to look into it,” adds Fox.

The decrease in time Smith, Turner & Reeves CPAs spend on administrative processes has a direct impact on the firm’s profitability, as it increases the CPA’s realization rate – the percentage of a CPA’s billable time that translates directly into revenue. Furthermore, less time spent on administrative tasks means that the CPAs at Smith, Turner & Reeves can focus on providing higher quality service to their clients.

**To learn more, contact Capital Confirmation at 888-716-3577 or [www.confirmation.com](http://www.confirmation.com)**