



Statement Audit has a Bright New Future – Will it Power Your Bottom Line?

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Biography

Phil Beane is the Senior Vice President, Global Field Operations at APEX Analytix (<https://www.apexanalytix.com/>) working to safeguard £4.6 trillion. As the world's leading provider of supplier portal software; controls, audit, and analytics software, and AP recovery audit services for a hyper-optimised and compliant P2P, APEX Analytix has been at the forefront of AP technology for over 20 years.

APEX Analytix's SmartVM database of 20 million + proprietary, scored supplier records was revolutionary, and they continue to move towards the future. The recent release of their cognitive technology, APEX Archimedes, and their Supplier Statements module for statement recovery audit, marks the next steps in APEX Analytix's audit recovery technology. Beane leads the commercial and retail audit teams and is responsible for international operations.

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Abstract

Technology and innovation are advancing at breakneck speed with unprecedented computing power to transform the audit. Breakthrough innovations in areas such as artificial intelligence, workflow automation, and data analytics are eliminating a number of the tedious and labor-intensive manual processes traditionally associated with an audit. More importantly, innovation is enabling businesses to deliver powerful insights that simply weren't possible before. In this article, the author discusses how these changes can enhance audit quality and deliver higher value for audit stakeholders – from clients and audit professionals to investors and the capital markets as a whole.

Introduction

For Global 1000 business, the high volume of suppliers, and their high volume of invoices, a robust statement audit capability is simply indispensable. Given the range of possible invoice errors, its no surprise that audits routinely generate refunds that can easily total millions of dollars, pounds, or euros.

Regardless of whether the fault originated with the failure to apply the proper discounts, rebates or credits; or arose because of unallocated payments, pricing errors or incorrect freight allowances, recovery of these over-payments should be a top priority for financial leaders.

Traditionally, however, statement audits have been manually intensive, reducing their overall efficiency. Audit experts would gather payment data, contact a subset



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of suppliers, manually reconcile payment details against supplier statements, and then book any identified credits. It all added up to a time-consuming process that can take many months and leave some accounts unexamined.

Technology disruptors

Twenty years ago, APEX Analytix's global duplicate payment prevention software solution, FirstStrike™ was painted as a disrupter to the recovery audit industry, launched despite the objections of the industry. More recently, this commitment to innovative audit technology was extended to statement audits, with the development of our Supplier Statement Audit module as part of the APEX Portal solution suite.

Just as the application of technology served to disrupt and replace traditional manual recovery audit approaches in the past, the very latest technology advances are now being applied to disrupt and replace conventional technology-based approaches to statement audit. In particular, technologies such as cognitive computing, artificial intelligence, machine learning, robotic process automation, and predictive analytics are transforming the art of the possible. At APEX, we are looking at how these technologies can, and have, altered statement recovery audit.

For example, proprietary predictive analytics capabilities use sophisticated algorithms to develop 'claim likelihood' scores that focuses the recovery process first on those suppliers with the highest potential of having an outstanding credit that can be recovered. Micro-targeting then provides automated engagement tools for all suppliers to trigger outbound statement request email campaigns or phone messages, automatically populating statement requests with addresses and phone numbers, and provide real-time workflow tracking. And artificial intelligence illuminates the root causes behind statement errors, drilling down to determine why mistakes happen, and how you – and your suppliers – can take action to prevent such errors happening in future.

All of these new capabilities are in operation in the latest release of the Supplier Statement Audit module in the APEX Portal Suite, powered by our APEX Archimedes™ platform which leverages both IBM's Watson artificial intelligence and analytics capabilities as well as our SmartVM database of over 20 million accuracy-scored suppliers to bring unparalleled intelligence and responsiveness to the statement audit process.

This means faster and more accurate statement audit capabilities, and of course more recoveries. It also means that it's now possible to undertake a continuous statement audit, as opposed to undertaking them once a year or quarter. That is a huge advance on what was state of the art just a handful of years ago, and underscores the pace of change in technology.

Benefits in view

It is also a huge advance financially. Consider Canadian communications and media company Rogers Communications, a business with annual revenues of \$14 billion, and which processes over 1.7 million invoices annually. With a previous



statement audit provider, recoveries were running at \$600,000 – but after moving to APEX Analytix and our new-technology Supplier Statement Audit capabilities, recoveries reached \$2 million on the very first audit.

In conclusion

All of this, though, is arguably overshadowed by the huge potential of the fact that new technology enables statement audits to be both continuous and touchless. This means customers can conduct their own statement audits at will and on demand, transforming statement audit into an in-house function, highly automated and efficient, yet leveraging the power of a trusted statement audit provider in terms of expert database and contact centre capabilities.

Internalizing the statement audit function in this way delivers a double benefit. First, audits carried out on a frequent ongoing basis catch outstanding credits sooner, improving cash flow and making it easier for the root causes of errors to be trapped and dealt with while memories are still fresh. Second, internalizing the statement audit function means eliminating paying third-party recovery audit providers.

“Using the most advanced technology in recovery audit has the potential to not only increase recoveries, but automate and personalize much of a once labor-intensive process,” says Steve Yurko, CEO at APEX Analytix. “Technology that harnesses robotic process automation, predictive analytics and micro-targeting will allow organizations to internalize their statement recovery audit, streamlining the process and reducing the costs, and ultimately, leading to increased and more frequent recoveries.”

Vastly superior to anything that has gone before, with more recoveries of outstanding credits, faster processes, and sharper insights into why such credits arose in the first place - the future is bright for statement audits.