

3 Third-Party Risks That May Affect Your Bottom Line

How to leverage your contracts and avoid overpaying

Are you getting the maximum financial benefit from your third-party relationships?

On average, we find that overpayments to vendors and/or underpayments from licensees range from 4-8%. The following roadmap can be a useful tool to help you uncover cost recovery opportunities and navigate contractual relationships.



1

What to look for:

Account Payable "AP" Audit

During AP audits we identify recoverable cash outflows and deliver bottom-line results to your company.

- ➔ Duplicate or erroneous payments
- ➔ "Aged" and outstanding credit
- ➔ "Aged" and uncashed payments

2

What to look for:

Vendor and Supplier Evaluations

Periodic vendor assessments ensure contract compliance and quality control.

- 👁️ Discrepancies between invoicing and contractual rates
- 👁️ Vendor markup of pass-through expenses
- 👁️ Fulfillment of benchmarks against the contract performance metrics
- 👁️ Reliability of vendor quality assurance processes

3

What to look for:

Royalty Reviews

An audit of royalties due can help recover outstanding compensation.

- 💰 Entertainment royalties due from publishers or record labels
- 💰 Technology and life science royalties based on licensee self-reported revenue
- 💰 Merchandising licensing fees due for use of your IP
- 💰 Franchisee fees based on point-of-sale transactions

Are you leaving money on the table?

Armanino's **Contract Compliance Services** can leverage data and technology to help. Reach out to our experts today for a comprehensive assessment of your third-party relationships.